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September 4, 1986 **Special Issue**

C2710-1

Advertising Age

Crain's International Newspaper of Marketing

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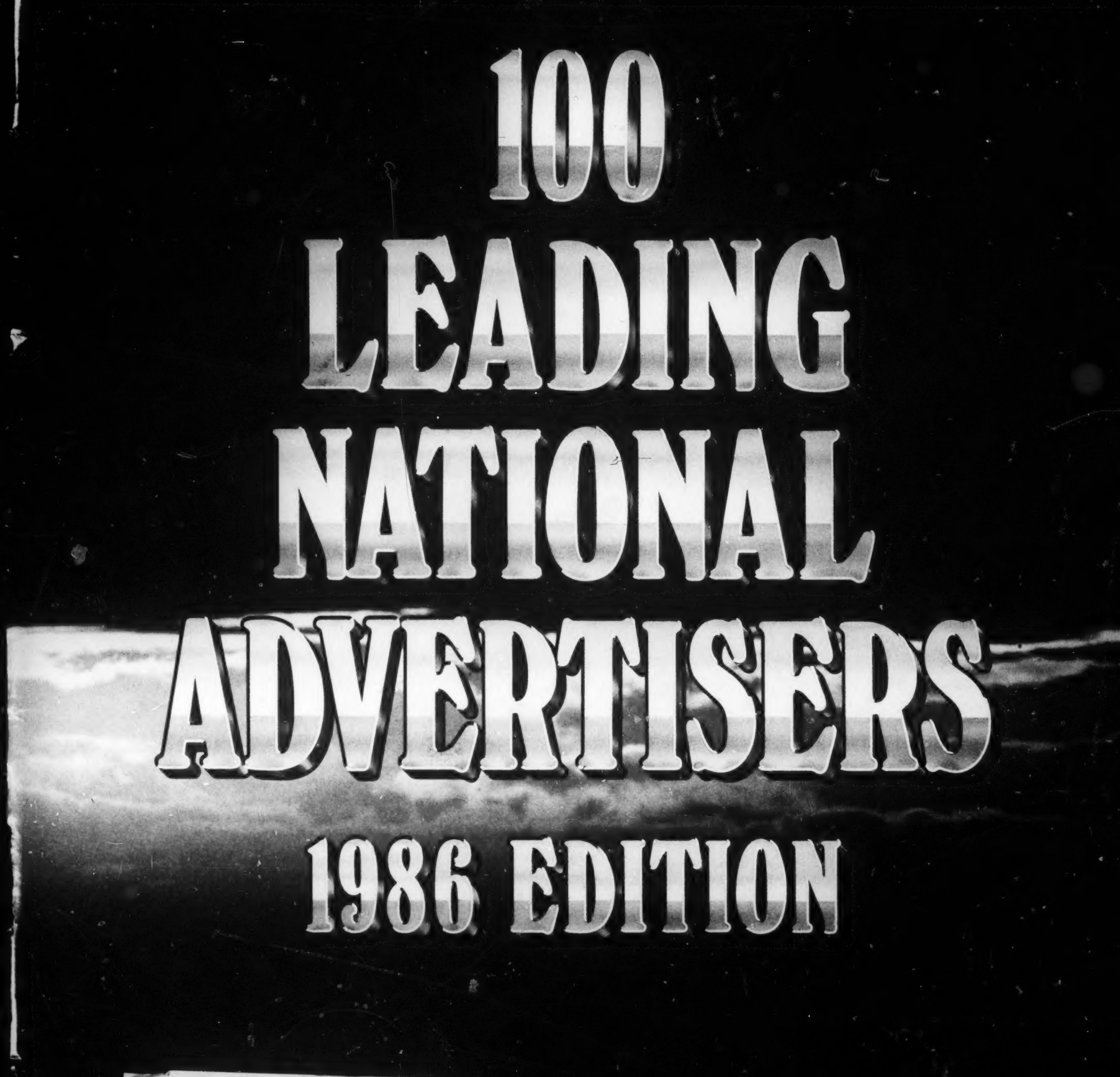

100 LEADING NATIONAL ADVERTISERS

1986 EDITION

September 4, 1986 Special Issue

Advertising Age

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Advertisers cut spending pace

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By R. CRAIG ENDICOTT

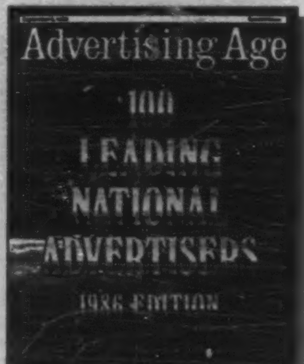
The nation's top 100 advertisers slowed their spending in 1985 to $26.67 billion, up only 2.7% from a restated $25.97 billion in 1984, according to ADVERTISING AGE's 31st annual 100 leading national advertisers report.

The small gain returns the top 100 to the single-digit growth rates of the late '60s and early '70s when the U.S. economy was experiencing slow growth, a condition affecting today's market. Media, taking a cue from the national economy, have held the lid on rate increases without experiencing pain because of low inflation.

Advertisers became preoccupied with the economic downturn, fighting tender offers, restructuring business lines to become less cyclical in nature, while searching for means to attain greater ad economies.

Gone were the big percentage gains in ad spending by medium. Network tv, the big-ticket item for the top advertisers, dropped to $6.34 billion, a 2.6% decline from the year earlier. Network tv still accounted for 43.4% of the $14.57 billion spent by the top 100 in 11 measured media categories, up 4.4% from 1984.

A big dynamic in the market that probably led to less efficient advertising in 1985 and early 1986 was the impact of the consolidation among both the media companies and leading advertising agencies, where the buyout fever was just as strong as among leading marketers. The trend led to countless account conflicts as advertisers changed agencies in midstream.



Still commanding the top rung among spenders was perennial leader Procter & Gamble with estimated ad spending of $1.6 billion, up 9.6% from a restated $1.46 billion in 1984. P&G faced a strong challenge from No. 2 Philip Morris Cos. with $1.4 billion, up 4.9% from a restated $1.34 billion in 1984. RJR/Nabisco, No. 3, had spent $1.09 billion, down 8% from restated $1.18 billion in 1984.

Events and issues facing the big three advertisers were symbolic of currents that ran deep into the top 100, leaving few untouched. Primary among those issues were the need to continue momentum and to grow in a stagnant economy. Acquisitions were the answer.

P&G bought Richardson-Vicks, gaining a foothold in pharmaceuticals to add to its dentifrice, detergents and diapers segments. Continuing their diversification, Philip Morris bought General Foods and R.J. Reynolds Industries acquired Nabisco Brands. Each partner acquired was among the top 100 national advertisers in the 1984 report.

These acquisitions and others throughout the top 100 list encouraged AD AGE to reestimate ad spending levels for 1984 to reflect a historic reading of the companies as they currently are assembled. In several cases, estimates have been recalculated for advertisers to reflect new knowledge about their spending in unmeasured media—promotion and special events, couponing, sampling, trade incentives, co-op, newspaper inserts and so on.

Selloffs occurred for various reasons, but centered on growth—divesting unprofitable businesses or selling assets to retire debt incurred in a buyout. Corporate restructuring, often a statement of the economy and a company's ability to compete, promoted a number of divestitures.

Restructuring, which forced marketers to look more closely at growth margins, meant the search was on to hold down expenses. This not only translated into major layoffs at leading advertisers, like No. 39 CBS and No. 98 Cap Cities/ABC, and streamlining of the executive suites, but also fine tuning of the advertising budget. This often led to shifting to less expensive forms of media, moving media planning and buying in-house, and increasing the use of below-the-line advertising, merchandising and promotions that cost less than media.

RJR/Nabisco Broadcast was formed to handle network broadcast media buying at RJR, which already handled print and outdoor buying in-house. Joseph E. Seagrams & Sons, No. 76, formed House of Seagram Media to handle buying of magazines, newspapers and outdoor. Busch Media Group was formed to oversee the purchase of national network tv and radio for all brands at Anheuser-Busch, No. 10.

General Motors, No. 5, took GM divisional advertising and media negotiation in-house to improve its bargaining clout. It left the actual media purchase to the ad agencies representing the divisions. Before forming this unit, GM squeezed additional efficiency out of ad dollars by reducing agency commissions to 13%, but it had mixed results when it sought special preference from magazines.

The megamergers among ad agencies caused their clients to shuffle their agency decks by firing their agencies because of "account conflict." Particularly affected were agencies that merged into Omnicom (BBDO, Doyle Dane Bernbach and Needham Harper Worldwide) and into Saatchi & Saatchi plc.

In the ad media mix, network tv's 2.6% dollar decline from 1984 among the 100 bore the brunt of change. The medium is virtually at the mercy of spending trends set by the 100, which in 1985 represented 76.2% of the spending in that medium.

The networks showed the effects, registering their first aggregate slip in

(Continued on Page 2)

100 leading national advertisers

Rank	Company	Advertising	Rank	Company	Advertising	Rank	Company	Advertising
1	Procter & Gamble	$1,500,000	35	Eastman Kodak Co.	$247,300	69	American Dairy Assn.	$121,000
2	Philip Morris Cos.	1,400,000	36	Quaker Oats Co.	245,997	70	CPC International	120,000
3	RJR/Nabisco	1,093,000	37	Sterling Drug	224,940	71	Hershey Foods Corp.	118,990
4	Sears, Roebuck & Co.	800,000	38	Campbell Soup Co.	215,089	72	Wendy's International	115,000
5	General Motors Corp.	779,000	39	CBS Inc.	208,000	73	Hasbro Inc.	11[illegible],849
6	Beatrice Cos.	684,000	40	Mobil Corp.	195,262	74	Stroh Brewery Co.	113,000
7	Ford Motor Co.	614,600	41	Tandy Corp.	186,861	75	E.I. du Pont de Nemours & Co.	112,184
8	K mart Corp.	567,000	42	Beecham Group plc	186,322	76	Jos. E. Seagram & Sons	110,183
9	McDonald's Corp.	550,000	43	Grand Metropolitan plc	176,749	77	Union Carbide Corp.	110,000
10	Anheuser-Busch Cos.	522,900	44	Batus Inc.	175,420	78	Bayer AG	108,000
11	American Telephone & Telegraph	521,318	45	Toyota Motor Corp.	172,035	79	Clorox Co.	107,105
12	Ralston Purina Co.	508,365	46	IC Industries	171,000	80	Noxell Corp.	106,128
13	Dart & Kraft	489,349	47	American Express Co.	169,868	81	AMR Corp.	105,412
14	General Mills	484,146	48	Schering-Plough Corp.	169,383	82	Dow Chemical Co.	105,000
15	J.C. Penney Co.	478,892	49	Nissan Motor Co.	162,566	83	Adolph Coors Co.	104,981
16	PepsiCo Inc.	478,372	50	Gillette Co.	161,000	84	Greyhound Corp.	102,604
17	Pillsbury Co.	473,220	51	American Brands	160,000	85	Mazda Motors of America	101,743
18	Warner-Lambert Co.	469,339	52	Chesebrough-Pond's	159,792	86	MCA Inc.	98,360
19	Unilever U.S.	413,623	53	Pfizer Inc.	158,463	87	Brown-Forman Co.	94,260
20	Johnson & Johnson	401,217	54	Loews Corp.	156,918	88	Delta Air Lines	94,020
21	American Home Products Corp.	399,516	55	Honda Motor Co.	156,475	89	Van Munching & Co.	93,388
22	Chrysler Corp.	393,400	56	Time Inc.	156,205	90	Monsanto Co.	92,885
23	Coca-Cola Co.	390,000	57	GTE Corp.	153,606	91	Eastern Air Lines	89,700
24	GE/RCA	373,336	58	Goodyear Tire & Rubber Co.	149,305	92	Matsushita Electric Industrial Co.	86,000
25	Kellogg Co.	364,299	59	ITT Corp.	149,000	93	Mattel Inc.	85,092
26	Bristol-Myers Co.	344,293	60	Revlon Group	147,215	94	Apple Computer	83,859
27	International Business Machines	327,834	61	S.C. Johnson & Sons	146,116	95	Gulf & Western	82,101
28	Nestle Enterprises	319,254	62	UAL Inc.	145,000	96	Wm. Wrigley Jr. Co.	81,536
29	Sara Lee Corp.	285,956	63	Walt Disney Co.	140,000	97	Canon Inc.	81,201
30	Mars Inc.	275,504	64	Xerox Corp.	128,898	98	Capital Cities/ABC	72,247
31	American Cyanamid Co.	266,189	65	American Motors Corp.	126,000	99	Cotter & Co.	71,670
32	H.J. Heinz Co.	261,541	66	Warner Communications	124,165	100	George A. Hormel & Co.	70,702
33	U.S. Government	259,050	67	Volkswagen of America	123,100			
34	Colgate-Palmolive Co.	253,495	68	Cosmair Inc.	122,149			

NOTE: Dollars in thousands

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Advertisers

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sales since cigaret spots were banned. CBS and ABC networks took it on the chin as NBC surged to No. 1 in prime time. CBS was preoccupied with unfriendly suitors, though managed to emerge intact but scathed. To recoup its losses, the company bought blocks of stock to thwart takeover attempts and adopted cost-cutting measures that included sizable layoffs at the executive level. ABC did its own belt-tightening by thinning out the job redundancies created by its merger with Capital Cities Communications.

NBC's ratings success made it the one exception to negative growth among networks. But even NBC was the subject of a buyout in June, 1986, when No. 24 General Electric took over its parent, RCA Corp.

Although network tv continues to struggle, in early 1986 it was beginning to build back its lost revenues, and the other media were meeting with similar growth. Total measured advertising on the medium in the first quarter of 1986 was $2.04 billion, up 4% over first-quarter levels in 1985.

Spot tv was the major dollar volume benefactor among the top 100, which spent $3.07 billion in 1985, up 9.5% from 1984 when spot tv rose 8.5% from 1983. Advertising in spot tv in the first quarter of 1986 of $1.57 billion for all advertisers represented an 11% growth over the comparable quarter in 1985.

Network radio, relatively inexpensive, was the big media percentage gainer, rising 77.3% to $272 million among the top 100, which account for 61.4% of all network radio spending. Network radio continued to grow, rising 35% in the first quarter of 1986 over the similar period in 1985. Magazine advertising among the 100 grew 6.4% to $2.38 billion. Magazine advertising is up 6.8% in the first quarter over the corresponding period in 1985.

Apple Computer, which dropped network tv spending from $42.7 million to $25.8 million, let others in on its strategy in a reportedly "fictitious" memo printed as artwork in its annual report: "Reduce expensive network tv advertising; increase less expensive and more targeted advertising, such as radio and local newspapers; support dealer advertising aimed at increasing store traffic."

The 1986 first-quarter revival is being stimulated by more new product introductions than ever. The number increased 14.5% over the corresponding period in 1985 when new product entries hit an all-time high, according to "New Product News" publication produced by Dancer Fitzgerald Sample, New York.

Static media spending during 1985 reflects in part the maturation of a number of brands. When this occurs, the need to boast about product attributes with trade media dollars is minimized, and monies begin to flow into lower cost nonmedia promotions such as incentives and coupons. This kind of unmeasured advertising rose to $12.09 billion, up a marginal 0.7%.

A number of brands did get new life by finding new "authoritative" selling pegs: Alka-Seltzer and Bayer aspirin got mileage out of a Food & Drug Administration ruling that aspirin, a major ingredient in Alka-Seltzer, was effective in preventing heart attacks; No. 25 Kellogg's All Bran played up the National Cancer Institute's endorsement of a high fiber diet as a cancer preventative.

Brand advertising surged in several hot categories. While total beer, wine and liquor advertising was up a meager 1.3% in measured advertising spending in 1985, it was up a composite 3.9% for the six companies among the top 100 in that classification. Cause for much of the budget expansion among the top 100 was the hotly contested wine cooler market.

Brown-Forman Co., No. 87, purchased 1985 market leader California Cooler, backing it with $11.7 million in measured spending. While thriving, it has since lost its market lead to to E.&J. Gallo Winery's Bartles & Jaymes, boosted by $17.2 million in only a half year on the market in 1985. Seagram launched a liquor-based cooler, adding peach and citrus flavors this June in a $10 million campaign. Stroh Brewery Co., No. 74, tested White Mountain, a malt cooler, and went national in four months.

Anheuser-Busch, No. 10, seemed to step to a different drummer in the category by launching a poorly received champagne-based cooler called Baybry's and then coming out in June, 1986, with Dewey Stevens Premium Light, a light cooler. The fuss on the wine cooler side was balanced by lower wine case sales among the major producers. Market leader Gallo, for example, dropped 6.1% in liter cases in 1985.

On the volume side, the only two brewers in the top tier to expand their market share in 1985 were Anheuser-Busch and No. 83 Adolph Coors Co. Growth among brewers came in the price beer segment, the rung just below the popularly priced category.

Comparative advertising reached new heights among airlines, particularly No. 91 Eastern Air Lines, whose bid to be bought out by Texas Air Corp. was nixed temporarily by the government. It did takeoffs on No. 88 Delta Air Lines slogan ("Delta gets you there") with "Eastern gets you there for a whole lot less." It jabbed at People's "Fly smart" slogan by captioning Eastern's ads, "Fly smarter."

Auto marketers claimed superiority over their named competitors and tried to lowball the other with better finance charges—a tactic that left many of the major companies with strong sales and negative earnings. No. 5 General Motors late this August offered a 2.9% annual interest rate charge designed to sweep clean its inventory of 1986 models. Chrysler, No. 22, and Ford, No. 7, joined in, while continuing to bicker about who was and is the best pickup truck producer.

Calcium cropped up in everything from supplements to food products. General Mills, No. 14, added calcium to its Gold Medal flour; No. 21 American Home Products introduced Posture, and No. 18 Warner-Lambert launched Suplical and Theracal in the calcium supplement market.

Milk and milk products were in, attested by the inclusion this year of the American Dairy Assn., No. 69, as a top 100 advertiser. The ADA says milk consumption in 1984 and 1985 grew by 3.3% and 3.6%, respectively. Previously, there had been only two years between 1950 and 1984 in which market consumption eked out a 3% gain.

The over-the-counter analgesics market is passing through the darkest moment in that category's history with more deaths attributed to tampering episodes involving No. 20 Johnson & Johnson's Tylenol and No. 26 Bristol-Myers' Extra-Strength Excedrin capsules. Both companies withdrew their capsules from the market and reentered with caplets. Big stories are just unfolding for 1986: Marketers with FDA backing are unleashing a host of prescription drugs onto the otc market; the expiration of the ibuprofen patent is encouraging new market entries that should help build the segment from 9% to 15% of the market by yearend.

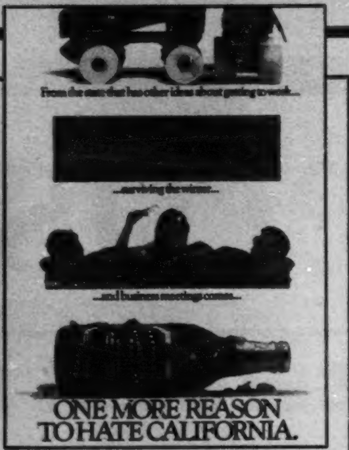
Cigaret marketers borrowed a page from the brewers in appealing to the consumer masses in directing products at the price-conscious. The big gainers were generic and price/value cigarets—the 25-cigaret packs for the price of a 20-piece pack. Among the top 10 cigaret brands in 1985, only No. 54 Loews' Newport from its Lorillard division and Philip Morris' Marlboro increased in volume.

In food marketing, "lite" is right, witnesses the labels for No. 32 Heinz ketchup and french fries from its Ore-Ida subsidiary, No. 38 Campbell Soup Co.'s reformulated Swanson tv dinners and No. 70 CPC International's Hellmann's and Best mayonnaises. Fiber also is in vogue, from No. 48 Schering-Plough's diet and weight control Fibre-Trim import from Denmark to Kellogg's All Bran with extra fiber.

Convenience has not left the food market, but it has caused major marketers to reconstitute major lines. In a single category—muffins—Sara Lee, No. 29, is going national this month with a frozen convenience food, Sara Lee Hearty Fruit muffins. P&G reportedly is deemphasizing its Duncan Hines cake mixes to concentrate on brownies and muffins. This pits P&G and Sara Lee head-on with General Mills' Betty Crocker, who got a new look in 1985, perhaps more symbolic of the board room than the kitchen.

In personal care products, No. 42 Beecham thrilled the '50s generation by reviving the old Brylcreem tag: "A little dab'll do ya" for a mousse Brylcreem; No. 16 PepsiCo again signed Michael Jackson to promote Pepsi—although the contract says he is not required to touch a Pepsi can—and advertisers covered the airwaves with Mary Lou Retton for No. 9 McDonald's Corp., Mary Lou Retton for Eveready (now with No. 12 Ralston Purina), and Mary Lou Retton for Mattel, No. 93.#

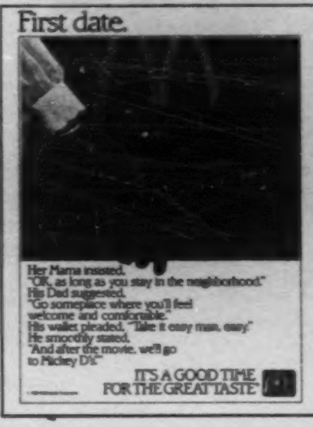
Chevrolet led auto marketers in appealing to the "emerging" woman buyer, only a year after Ford upset focus groups with its infamous (as far as women are concerned) "pink truck" ad.

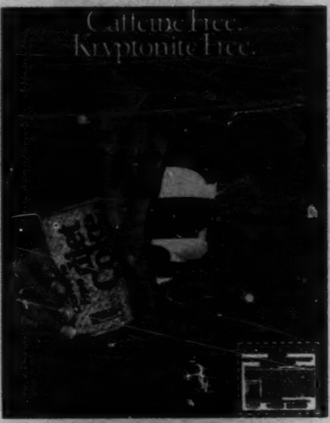

From the state that has other ideas about getting to work...
...surviving the winter...
...and business meetings come...
ONE MORE REASON TO HATE CALIFORNIA.

Have California Cooler's (Brown-Forman) beachy and hot tub ad renderings helped heat up the competition for the wine cooler market, now led by meteoric Bartles & Jaymes, promoted with the most down-home style imaginable?

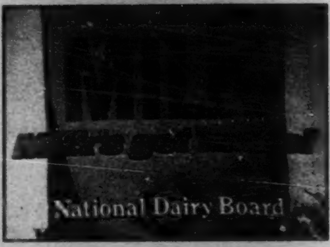
Canon entered the 8mm camcorder vcr sector, and with Sony, Kodak (Matsushita-made), and Polaroid (Toshiba-made) reached a 5% to 10% share of market. Paramount enhanced the 8mm rush by creating video for Sony.

Mickey D's is the place to be among blacks, says the jive from McDonald's ad copy. Soul singers Jerry "Iceman" Butler and Aretha Franklin also appeared in McD.L.T. spots by Mickey D's black consumer agency, Burrell Advertising.

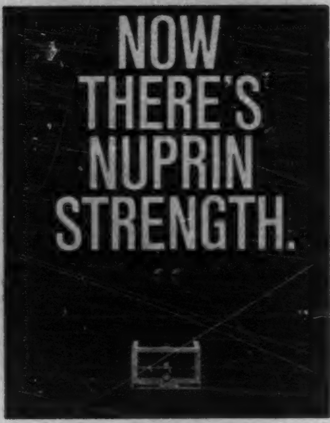

First date.
Her Mama insisted.
"OK, as long as you stay in the neighborhood."
His Dad suggested.
"Go someplace where you'll feel welcome and comfortable."
His wallet pleaded, "Take it easy man, easy."
He smoothly stated,
"And after the movie, we'll go to Mickey D's."
IT'S A GOOD TIME FOR THE GREAT TASTE.



Caffeine Free diet Coke's market share rose to 1.1% in 1985 as cases increased to 80 million, up 23.1% from 1984. Coca-Cola's share of the diet soft drink sector looks to be infused with the kryponite this ad suggests is not present in Coke. All Coca-Cola diet soft drinks accounted for 44.1% of the diet category, up from 43.5% in 1984. During 1985, the industrywide diet category accounted for 21.6% of the total market, up from 19.8%, according to analyst John C. Maxwell Jr.



The consumer is calorie-conscious, cholesterol-shunning, right. Maybe so, but the consumer now seeks out calcium in everything from General Mills Gold Medal flour (recently fortified with calcium), American Home Products' Posture additive, and just plain milk. Milk (read: Calcium) got its big boost in 1983 when Congress approved a levy for milk promotion to be administered by a number of associations under the American Dairy Assn. auspices.



Comparative ads proliferate in the analgesics market, ranging from this "Two little Nuprin (Bristol-Myers) can stop headaches better than Extra Strength Tylenol (Johnson & Johnson)" to Bayer's (Sterling Drug) "desert island" claims. Nuprin and Advil (American Home Products) are fueling the ibuprofen surge in analgesic market which grew to 9% of market in 1985, up from 3%, and could reach 15% this year as a host of other ibuprofen entries join the market.

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Top 100 eke out 2.7% ad increase

The leading national advertisers spent $26.67 billion in total advertising in 1985, up from a restated $25.97 billion in 1984. Spending broke out into $14.57 billion, up about 4%, in 11 measured media, representing about 53% of all national expenditures in those media, and $12.1 billion in unmeasured advertising, up 0.7%.

American Brands

RANK **51**

New York

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	7,308	6,995	4.5
Net income	426	414	2.8
U.S.	**1985**	**1984**	**% chg**
Sales	3,150	3,065	2.8
Operating profits	898	551	63.0
Advertising	160	156	2.7
Division sales	**1985**	**1984**	**% chg**
Int'l tobacco	4,390	4,229	3.8
Hardware	569	519	9.6
Distilled bevs.	250	246	1.6
Office products	337	336	0.3
Food products	507	494	2.6
Other	1,256	1,171	7.3

American Brands experienced a positive turnaround in sales from its cigaret and cigar divisions in 1985, but despite the improvement, the divisions suffered an across-the-board decline in market share among lead brands—Pall Mall, Tareyton and Carlton.

American Brands seems tied to the annual performance of its tobacco divisions, which in 1985 grew 3.8% in sales, helping push over-all sales up 4.5%. This compares with a 4.3% drop in cigaret and cigar sales in 1984 and an over-all drop of 1.4% for the parent company.

The divisions had combined sales accounting for 60% of total company sales, and drew 58% of all measured media ad spending at American Brands.

American Tobacco Co., incorporated as a separate operating subsidiary in January, saw its share of the total cigaret market decrease in 1985 from 7.9 to 7.4, with its largest seller, Pall Mall, recording a 3.5 market share, down from 3.8 in 1984.

Pall Mall, the seventh best-selling cigaret in the country, is the industry leader in the nonfilter cigaret market, and American Brands spent less than $100,000 in measured advertising on the brand.

The Pall Mall brand family began receiving more substantial ad support in 1986 with the national rollout of Pall Mall 25s, a full-per-unit-priced convenience packaging.

American Tobacco's Carlton family, which now includes 11 products, was expanded in 1985 with the addition of Carlton Menthol 100's box. AB spent $24 million on the Carlton brands in the seven media measured by Leading National Advertisers last year, nearly 41% of all the money it spent in measured media.

American Tobacco spent more than $7 million on its Lucky Strike brand, a brand family that, although steeped in tradition, has presented the best growth opportunity for AT in Lucky low-tar filters and Lucky Lights, mid and low-tar entries. The Lucky filters line is backed by the sometimes controversial yet well noted "Light My Lucky" campaign. The two brand styles posted a whopping 41.2% unit sales increase and moved to a 0.4% market share, slightly below the 0.5% considered to be the breaking point for a sustainable cigaret brand, according to John C. Maxwell Jr., tobacco analyst for Furman Selz Dietz Mager & Birney, New York.

The company's Tareyton brand continued its long-term sales decline and ended 1985 with an 8.7% drop in volume. At yearend, the brand held a 1% share of market, according to Mr. Maxwell.

American Brands' other tobacco division, American Cigar Co., rolled out several new products in 1985, including American Sweets, a moderate-priced, full-bodied cigar. American Sweets is American Cigar's first entry into this popular cigar category. The new product has a suggested retail price of 60¢ for a package of five.

Cigars in the five-for-60¢ category account for more than 45% of U.S. cigar sales. Trade promotion and consumer sampling for American Sweets is being handled by SSC&B, which handles American Brands' other cigars, as well as Pall Mall and Tareyton cigarets. American Cigar also introduced Whiffs Tip cigars, an extension of its La Corona Whiffs brand. SSC&B is handling the limited advertising.

However, American Brands in July, 1986, sold American Tobacco to Mac Andrews & Forbes, Camden, N.J. That divestiture will affect the third quarter, 1986, results. American Brands will take a one-time $100 million, after-tax writeoff in the quarter to reflect charges in connection with the sale. The writeoff also involves expenses related to the closing of Durham, N.C., and Richmond, Va., plants.

American Brands has closed its 100-year-old cigaret making plant in Durham and moved production to a new high speed facility in Reidsville, N.C., about 45 miles away. Many of the 1,000 employed in the Durham facility were transfered to Reidsville. The company's Stemming facility in Richmond, Va., will be closed during the first quarter of 1987.

American Brands for the first half, 1986, reported net income of $216 million, up 11.3% from the same six-month period in 1985, on record sales of $4 billion, up 17.7%. Operating income for the same period was $477 million in 1986, up 45.2% from 1986. American Brands traditionally generates about half of its operating profit from cigarets.

AB's distilled beverage division, James B. Beam Distilling Co., increased its sales over last year by only 1.6%. This compares with a 2.2% increase in sales in 1984. The company's flagship brand, Jim Beam bourbon, remained the best-selling bourbon in the country, despite an industrywide decline in bourbon sales.

Beam must still contend with the macho image that many consumers associate with its bourbon and that company executives would like to escape. To change its image, Beam spent nearly $3 million in measured media advertising that tries to depict the bourbon as a more youthful brand.

Beam made an unusual move in 1985 when it introduced nationally Jim Beam ZZZingers, which mix Beam bourbon in a can with cola, ginger ale and lemon-lime soda. Beam spent $250,000 on the new product line, which is being handled by Bozell, Jacobs, Kenyon & Eckhardt, Chicago. Beam also entered the flavored schnapps market in 1985, with the introduction of Baron Von Scheuters line.

Despite a 2.6% increase in sales for American Brands' food products division, the division ended the year with a slight decline in operating profits. Sunshine Biscuits Inc., which accounts for the largest portion of sales in the division, completed the national rollout of its Sunshine American Heritage line of snack crackers.

In 1985, Sunshine entered the declining soft cookie market, dominated by Nabisco Brands, Keebler and Duncan Hines, with its new Chippy Chews, a soft chocolate chip cookie available in fudge, peanut butter, butterscotch and raisin flavors. Despite company boasts of "excellent consumer and trade support," Sunshine picked up less than 1% of the chewy cookie market last year.

Other products made by Sunshine are Fig Chewies, Krispy Saltine crackers, Hydrox cookies, Vienna Fingers cookies and Cheez-It crackers. Sunshine spent slightly more than $2.5 million in measured media, all in spot tv, for its cookie and cracker products.

Andrew Jergens Co., AB's personal care products division, spent $7.8 million in measured advertising in 1985, more than half of that on spot tv. This contributed to the parent company's growth in spot tv spending from only $804,000 in 1984 to $6.9 million in 1985.

Sales of Jergens products rose 10% to $147.1 million paced by Jergen's liquid soap, currently in third place in that growing category, with a 9.8% share, behind market leading Minnetonka and Procter & Gamble's Ivory. Minnetonka created the category in 1980.

In the hand-and-body moisturizer category, Jergens is No. 2 with a market share of 11%, behind Chesebrough-Pond's Vaseline Intensive Care, which commands a 19% share of the market.

American Brands' hardware and security division, which consists of Master Lock Co., Pinkerton's Inc., Prestige Group of Gallaher, MCM Products and a portion of Swingline Inc., had increased sales of 8.8% over the previous year. This represents the highest increase among all AB divisions. Master Lock spent $1.3 million in measured advertising, slightly grester than in 1984. Master Lock manufactures 250 padlock products.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$ 35,025	$32,683
Newspaper	4,050	4,995
Newsp. supp.	364	140
Bus. pubs.	0	6
Network tv	8,839	10,783
Spot tv	6,912	840
Network radio	204	0
Spot radio	0	87
Outdoor	7,709	11,894
Network cable	100	111
Total measured	63,202	61,540
Unmeasured	96,798	155,791
Total	160,000	94,252

AMERICAN BRANDS
1700 E. Putnam Ave.
Old Greenwich, Conn. 06870-0811

(203) 698-5000

AMERICAN TOBACCO CO.

Stamford, Conn.

Corporate Personnel

T.C. Hays, exec vp

Marketing Personnel

W.J. Moore, vp-adv
W.C. Stevenson, mktg controller
M.J. O'Neill, mktg services dir
E.T. Bonnett, sr rsch analyst
H.W. Bahrenburg, prod mgr, Carlton
E.J. Gesell, prod mgr, Lucky Strike
J.J. Mellett, media mgr
W. Degenhardt, media super
C.H. Mullen, sr vp-sales
T.F. McGuire, mgr-sales operations

Advertising Agency

Laurence, Charles, Free & Lawson, New York—Carlton, Lucky Strike, Silva Thins—Albert Magnane, Malcolm Minor, vps-mgmt supers; Thomas Keane, R. LaFrance, acct supers.

SUNSHINE BISCUITS

Woodbridge, N.J.

Marketing Personnel

Joseph F. Simrany, vp-mktg
Alan B. Hiller, mgr-new business & specialty mktg
Harold B. Derstine, group prod mgr-crackers
Robert M. Lorys, group prod mgr-cookies
Hedy Britton, sr prod mgr-cookies
Richard Gomel, sr prod mgr-cookies
Gerald Jantzi, sr prod mgr-crackers
William Shadrach, sr prod mgr-crackers
Alexander Nichols, mgr-adv & mktg services
Carol Goggim, consumer relations super-home economist
Christine Dominik, mktg-consumer rsch coord

Advertising Agency

Sherwood & Schneider, New York—Marvin Schneider, chmn-ceo; Lew Sherwood, president; Brendan Hawk, exec vp-genl mgr; Jim Williams, acct super.

FRANKLIN LIFE
INSURANCE CO.

Springfield, Ill.

Marketing Personnel

Jack Watson, sr vp-mktg
T.M. Costa, vp, dir-sales promo

SOUTHLAND LIFE
INSURANCE CO.

Dallas

Marketing Personnel

Joe W. Hopkins, sr exec vp-mktg officer
Virgil L. Hooper, second vp-dir special mkts

JAMES B. BEAM
DISTILLING CO.

Chicago

Marketing Personnel

G. Lane Barnett, vp-dir mktg & adv
B.J. Bilocerkowycz, adv mgr

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, Chicago—Jim Beam, Jim Beam and Cola—Norton X. O'Meara, mgmt super; Charles Brom, acct super.

HCM, Chicago—Beam's Black Label premium bourbon, Beam's Choice premium bourbon, Imported Kamora coffee liqueur, Imported Kamora decaffeinated coffee liqueur, Peter Heering cherry liqueur, UTU orange liqueur, Aalborg Akvavit, Gammel Dansk Bitters, Spey Royal scotch, Chateaux cordials, Dark Eyes vodka—D. Brashears, mgmt super.

MASTER LOCK CO.

Milwaukee

Marketing Personnel

Peter U. Jung, vp-mktg
Harv Schneider, mgr-mktg, communications

Advertising Agency

Cramer-Krasselt, Milwaukee—consumer trade, intl adv—W. Faude, acct super.

WILSON JONES CO.

Chicago

Marketing Personnel

A.E. Fontenot Jr., vp-mktg
R.F. Smock, vp-adv & mktg services
M.A. Rosenfeldt, adv mgr

Advertising Agency

Al Paul Lefton Co., New York—Jack Stack, vp; Robert Ellis, vp.

ACME VISIBLE RECORDS

Crozet, Va.

Marketing Personnel

Irving M. Sloan, adv mgr

Advertising Agency

Al Paul Lefton Co., New York—Jack Stack, vp; Larry Wilson, acct rep.

ACUSHNET CO.

New Bedford, Mass.

GOLF DIVISION

Marketing Personnel

Robert B. Forbush, vp-worldwide mktg-golf
John W. Hoagland, business mgr-golf balls
Theodore S. Ingalls, business mgr-intl mkt
Robert A. Shell, business mgr-apparel
Gerald M. Bellis, business mgr-accessories

RUBBER DIVISION

Marketing Personnel

James G. DeMello, vp-mktg devel

Guide to corporate boxtops

Consolidated Apex Systems

RANK **51**

Garden State Estates, N.J.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	7,308	6,995	4.5
Net income	426	414	2.8
U.S.	**1985**	**1984**	**% chg**
Sales	3,150	3,065	2.8
Operating profits	898	551	63.0
Advertising	160	156	2.7
Division sales	**1985**	**1984**	**% chg**
Enzymes	4,390	4,229	3.8
Commodities	569	519	9.6
Biomass	250	246	1.6
Additives	337	336	0.3
Food processing	507	494	2.6
Other	1,256	1,171	7.3

Consolidated Apex Systems is ranked 51st among the 100 Leading National Advertisers picked by AD AGE in this issue and based on total U.S. advertising spending in 1985, which is reported in this box either under Worldwide or U.S. bold headings.

Consolidated Apex Systems is based in Garden State Estates, N.J.

CAS reports on a calendar basis like most of the top 100. However, should a company report on a fiscal basis, the years heading the column would read, 1986 and 1985, if the fiscal year closing date occurs before this issue was published.

The advertising figure is a composite of CAS's media spending, both measured and unmeasured, contained in the tabular breakout at the end of the text in each profile. See "Where AD AGE got its data" on Page 16 for an explanation of the the tabular breakout.

Division sales are the business segments as defined by CAS and their sales for comparable years. However, should CAS have too many divisions to fit into the box, the editors combined those segments into "other." In this case, CAS segments for its specialty meats and chicken broiler production—both providing minor contributions to its strong industrial base—were merged into "other."

Richard A. Bugg, dir-mktg & sales
Roger M. Hornig, field sales mgr
Ernest P. Amaral, mgr-natl accts
Jack W. Wagner, mgr-natl accts

Advertising Agency

Humphrey Browning MacDougall/Creamer, Boston—John McNamara, acct super-golf div; Marty Curran, acct super-rubber div.

PINKERTON'S
New York
Marketing Personnel

C. Gehrmann Holland, sr vp, sales & mktg

Advertising Agency

Douglas J. Turner, Newark, N.J.—Douglas J. Turner, acct super.

ANDREW JERGENS CO.
Cincinnati
Marketing Personnel

Robert L. Dom, exec vp-mktg
Rodger V. Reed, vp-mktg
Linda D. Cornell, vp-new prod devel
D. Tim Zimmerman, dir-prod mgmt
Richard R. Culpin, vp-sales

Advertising Agency

Ally & Gargano, New York—Jergens lotion, Jergens Aloe & Lanolin lotion, Jergens mild soap, Jergens Aloe & Lanolin soap, Jergens lotion-enriched liquid soap, Gentle Touch soap, plus a general line of toiletries & cosmetics—Dennis Visich, sr vp-group mgmt super; Charles McMellon, vp-mgmt super; Peter Fedyck, acct super.

SWINGLINE INC.
New York
Marketing Personnel

David B. Miller, vp-sales & mktg
John Sheridan, dir-sales & mktg, business machines div
Fred Weiss, vp-mktg devel & admin
Jack Shulman, vp-sales, office prod div
Anne Burritt, mktg services mgr, office prod div
John Peters, export mgr
William Gibbons, natl sales mgr, consumer prod & retail stationery div
Anne Beirne, mktg services mgr, consumer prod & retail stationery div

Advertising Agency

Al Paul Lefton Co., New York—G. William Wolfston, president-mgmt super; Robert H.D. Ellis, vp.

MCM PRODUCTS
Old Greenwich, Conn.
Corporate Personnel

R.P. Truitt, president-ceo.

Marketing Personnel

Daniel Roberts, natl sales mgr, W.R. Case & Sons Cutlery Co.
Richard B. Turner, vp-sales, professional div, Marson Corp.
Robert M. Hewson, vp-sales, consumer/hardware div, Marson Corp.
Craig M. Meyers, vp-sales, fastener div, Marson Corp.
Paul Greenberg, vp-sales & mktg, Marvel Lighting Corp.

Advertising Agencies

McDougall Associates, Peabody, Mass.—Marson Corp.—Dan McDougall, president.

Paul, Phelan & Perry Ltd.—Marson Canada—K.E. McEnirney, president.

American Cyanamid Co.

RANK **31**

Wayne, N.J.

($ in millions)

Worldwide	1985	1984	% chg
Sales	3,536	3,524	0.4
Net income	129	216	(40.2)
U.S.	1985	1984	% chg
Sales	2,489	2,498	(0.3)
Operating profits	108	184	(41.6)
Advertising	266	285	(6.5)
Division sales	1985	1984	% chg
Medical	1,167	1,057	10.4
Agricultural	859	893	(3.8)
Chemicals	972	1,045	(7.0)
Shulton	539	529	1.9

American Cyanamid's main emphasis in 1985 was the march toward restructuring that is taking it from bulk chemicals and fertilizers and other commodity businesses toward higher technology areas and more consumer products.

The metamorphosis is beginning. Gone is the Formica, the titanium dioxide and phosphates. In are the high-tech surgical instruments, solar cells and consumer products like Combat roach control.

In 1985 the company sold its Formica decorative laminate business (except for small operations mostly in Latin America) for $200 million to a new organization formed by members of Formica management and Shearson Lehman/American Express. The titanium dioxide business went for $5.5 million. American Cyanamid is discontinuing the mining of phosphates, a fertilizer ingredient, at its Brewster, Fla., site.

In this drive for restructuring, American Cyanamid is like any number of other U.S. companies—Union Carbide Corp., Dow Chemical Co. and Black & Decker Corp.—reshaping themselves, whether it be to cool down the hot boiler of production closer to tepid consumer demand, to fend off takeovers or to cope with the strong dollar, foreign trade imbalance and sluggish or cyclical market for unbranded bulk commodity product.

No subtleties underlie the moves toward corporate remodeling. Earnings in 1985 dropped 40.2% as sales rose only 0.4% for the year. Only Shulton, the consumer products division, showed gains in both sales (up 2%) and operating income (up 0.8%), the latter representing $25.7 million out of a total operating income of $251.5 million. The only other segment in the plus column in either category was the big medical group. Its sales were up 10.3%, although operating income was down 6.9% to $145.1 million.

The outlook, however, was brighter for the first half of 1986. Sales were up 39% over the comparable period the prior year, to $1.27 billion. Net income for the first half rose 41%, to $105.6 million.

For 1985, the agricultural and chemical segments were both down in sales, 3.8% and 7.1%, respectively, and down in operating income, 34.6% and 53.4%. An American Cyanamid spokesperson listed the litany of reasons earnings fell: "Our agricultural group sales and earnings were down especially because foreign exchange—the strong dollar—hurt throughout the year. Medical group earnings were down because of cost containment in hospitals. The agricultural group also suffered from higher manufacturing expenses, largely because of the increasing cost of natural gas used in fertilizer production.

American Cyanamid's response in measured media advertising spending for 1985 varied among its business groups. Agricultural spending for its herbicides and insecticides, such as Prowl and Thimet, was up 37%, to $6.6 million in 1985. Medical Group spending for Lederle Laboratories' Centrum and Stresstabs vitamins and Caltrate calcium supplement dropped 38%, to about $12.1 million. The Shulton Group, with the bulk of American Cyanamid's consumer products, slipped a bit to total ad spending of $39.5 million in 1985 from $40 million.

Creativity in American Cyanamid's advertising and promotion knew no bounds. The company's new Combat roach control system was brought to the war against possible cockroaches in the U.S. Capitol.

Combat also appeared in an ad series called "Intimacies," which also promoted Pine Sol cleaners, Old Spice toiletries and Centrum multivitamins. Each 30-second product message was introduced by a 60-second slice of life monolog. Sister Arts, New York, prepared the 24 monologs.

Spending to support Caltrate, the calcium supplement recently introduced by Lederle Laboratories, was off about 11% in 1985, to $5.4 million. In the new calcium supplement market, estimated at about $125 million, Caltrate is ranked the second largest seller, behind Marion Laboratories' Os-Cal brand. Its agency, Carrafiello Diehl & Associates, Irvington-on-Hudson, N.Y., put more weight in magazines for Caltrate in 1985, spending more than $2 million in print compared with $1.4 million in 1984. Network tv was $3.06 million in 1985, down from $4.1 million.

Other Lederle spending also was down for 1985, with Centrum vitamins falling 42% to $6.2 million. And at $484,000, Stresstab 600 spending, all of it in magazines, was less than one-fourth of the previous year's $2.3 million expenditure.

By contrast, Shulton Group nearly tripled spending for Breck hair products, almost all of it for new Breck styling mousse, rising to $3.6 million from $1.2 million in 1984. Two-thirds was in network tv and much of the remainder in magazines.

Shulton also has introduced three line extensions of its patented insect bait tray product, the Combat roach control system; the Combat ant control system, Combat large roach control system and Combat fire ant killer.

The Combat entries received $2.9 million for their battle in the ant-and-roach-killer market, reportedly near $640 million annually, most of it aerosol sprays. S.C. Johnson's Raid holds an estimated 50% share of the market (including a 10% share for Raid Fogger and 9% for Raid Ant and Roach Killer), American Home Products' Black Flag's Roach Ender roach spray holds a 20% share, Sterling Drug's d-Con, 20%, and Combat, 3.4%.

The eight lines of Old Spice brand of men's toiletries received $13.4 million in measured spending, down 15%. As in 1984, preference was given to network tv, where spending totaled $6.5 million, compared with $4.3 million for spot tv. But in 1984 the preponderance for network was much greater, reaching $11.7 million compared with $3.9 million for spot.

Another big piece of the Shulton Group, Pine Sol cleaners, was almost even in measured ad spending—nearly $9 million in 1985 vs. $9.7 million in 1984. Among its competitors in the $200 million pine oil cleaner segment of the surface cleaning industry, Pine Sol ranks fourth, with 14% market share. Procter & Gamble's Mr. Clean and Spic 'n Span Pine have 21% and 20%, respectively, and Sterling Drug's Lysol, 20%. Almost all of the Pine Sol spending in 1985 was for tv—$5.6 million for network and $3.1 million for spot.

Gone from the Shulton Group is the Ultra Swim line of soap, shampoo and conditioner for which Shulton had obtained the license in 1984 from the Eljenn Co., Newton, Mass. Shulton found demand for the products, formulated just for pool swimmers, too narrow and gave up the license, which since has been acquired by Chattem Co., Chattanooga, Tenn. Shulton's 1984 ad spending of $1.2 million for Ultra Swim dropped to only $103,100 in 1985.

In its allocation of spending by medium in 1985, American Cyanamid had increases in all but network tv, which fell 33%, to $28.4 million. The biggest percentage increases were for radio, where spot radio rose 54%, and network radio, also up 54%.

In moving toward specialty types of business and products, American Cyanamid is looking for growth to both its internal operations and to acquisitions that rely on research and development.

American Cyanamid operates 12 research laboratories worldwide and in 1985 spent about $251 million for "research and process development," up 8%. Other recent moves show American Cyanamid's emphasis on research and development to shape its future.

Already a supplier of nutritional and health preparations to animal husbandry, the company in 1985 acquired 49.9% of the stock in Langford Laboratories, Canada's only maker of veterinary biologicals. Early in 1986 the company formed the Venture Chemical Division in its Chemicals Group with the goal of developing new product areas for American Cyanamid in chemistry.

One of the first steps taken by Venture Division was to acquire Applied Solar Energy Co., City of Industry, Cal. Applied Solar makes solar cells for use by the National Aeronautics & Space Administration and the aerospace industry to supplement other power sources.

The Medical Group, too, is looking for expansion into basically three areas, orthopedic, ophthalmic and cardiovascular. So far in 1986, two companies have been acquired for the medical segment: Acufex Microsurgical, Norwood, Mass., which makes arthroscopic surgical devices for joint repairs, and Storz Instrument Co., St. Louis, also a maker of surgical equipment.

In 1985 agency changes, the account for Scepter, Aastar and Thimet agricultural chemicals, reportedly worth $4.5 million, went to Miller Meester Advertising, Bloomington, Minn. The Thimet advertising left Tucker Wayne Co., Atlanta, but American Cyanamid's newly developed Assert herbicide for wild oats was placed with that agency. U.S. approval for European-tested Assert is expected by 1987. The $2.5 million budget for Niki De Saint Phalle fragrances, from the Jacqueline Cochran division of the Shulton Group, left Peter Rogers Associates, New York. No replacement has been named.

During 1985, Robert Hiatt, formerly president of Kentucky Fried Chicken's international division, joined the Shulton Group as group vp with international responsibility. Iain A. Forsythe became president of Jacqueline Cochran, moving over from Shulton's British and Asian operations where he was chairman-managing director.

American Cyanamid, the subject of government investigations and pressures on waste spills, water pollution and alleged emissions at plant sites in New Jersey and Connecticut, spent about $67 million for pollution control, and in 1986 plans $25 million more in pollution-control expenditures.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$10,149	$7,891
Newspaper	59	241
Newsp. supp.	1,326	263
Bus. pubs.	1,439	813
Network tv	28,371	42,325
Spot tv	13,833	11,031
Network radio	626	406
Spot radio	2,169	1,408
Outdoor	194	60
Network cable	2,231	1,347
Farm pubs.	5,017	4,173
Total measured	65,414	69,959
Unmeasured	200,776	214,726
Total	266,189	284,685

AMERICAN CYANAMID CO.
One Cyanamid Plaza
Wayne, N.J. 07470
(201) 831-2000
AGRICULTURAL GROUP
Wayne, N.J.
Marketing Personnel

T.J. Raser, communications mgr
D.J. Durand, adv mgr-crop protection chemicals
Christine B. Cannon, adv-sales promo mgr, animal nutrition & health, VPC ventures
David Butterfield-dir public affairs

Advertising Agencies

H.T. Fenton, Somerville, N.J.—Malathion, Cythion—Harry Fenton, acct mgr; Karna Godridge, acct super; Andrea Bestul, acct exec.

Miller-Meester, Minneapolis—Scepter, Aastar, Thimet—Paul Durham, acct super, prod publicity all prods.

Richardson, Myers & Donofrio, Baltimore, Md.—animal industry prod—Bill Nimtz, acct super.

Tucker Wayne & Co., Atlanta—Counter, Avenge, Prowl, Cygon, Cyprex, Assert, Amdro—L.E. Ver Steegh, mgmt super; Mark Kirkpatrick, acct super; Lisa Larson, acct exec.

CHEMICALS GROUP
Marketing Personnel

M.R. O'Rourke, mgr-mktg communications

CHEMICAL PRODUCTS DIVISION
Marketing Personnel

Jayne Kulesz, mgr-mktg communications

Advertising Agency

Barbetta & Miller, Fairfield, N.J. —CY/RO Industries, industrial chemical div —Joseph Barbetta, president; Tom Brogan, exec vp.

INDUSTRIAL PRODUCTS DIVISION
Marketing Personnel

Diane L. Flood, mgr-mktg communications

Advertising Agency

Barbetta Miller, Fairfield, N.J.—T. Brogan, exec vp.

VENTURE CHEMICALS DIVISION

Diane L. Flood, mgr-mktg communications

Advertising Agency

Barbetta Miller, Fairfield, N.J.—Thomas Brogan, exec vp.

POLYMER PRODUCTS DIVISION

Jayne Kulesz, mgr-mktg communications

Advertising Agency

Barbetta Miller, Fairfield, N.J.—Thomas Brogan, exec vp.

FIBERS DIVISION
Marketing Personnel

W. DeMartine, vp-mktg
J.B Simmons, mgr-mktg communications

Advertising Agency

Baumont-Bennett Inc., New York—Creslan acrylic fibers—W. Korach, vp-acct mgr.

LEDERLE LABORATORIES
Marketing Personnel
PHARMACEUTICAL DEPT.

H.H. Spoon, vp-genl mgr, pharmaceutical prods
H.T. Hurt, dir mktg, pharmaceuticals

DAVIS & GECK DIVISION
Danbury, Conn.
Marketing Personnel

D.A. Sullivan, dir-professional & trade relations

Advertising Agencies

Carrafiello, Diehl & Associates, Hudson, N.Y.—pharmaceuticals—T. Sweeney, acct exec.

Dugan/Farley Communications, Montvale, N.J.—E.J. Farley, exec vp.

Klemtner Advertising, New York—pharmaceuticals—Gabin Scotti, acct super.

Naimark & Barba, Cedar Knolls, N.J.—Dr. George M. Naimark, president; Joan Garcia, acct super; David Barba, creative dir; Debbie Quintman, media dir.

Rolf Werner Rosenthal Inc., New York—H. Messinger, mgmt acct super; R. Recobs, acct super.

CONSUMER PRODUCTS
SHULTON U.S.A. DIVISION
Marketing Personnel

B.W. Morgan, vp-mktg, toiletries
K.M. Freeman, vp-mktg, household
S.A. Hopkins, strategic business unit mgr, fragrances
A. Lowry, strategic business unit mgr, all-purpose cleaner
L.B. Koslow, strategic business unit mgr-deodorant/AP
J.P. Grey, strategic business unit mgr, hair care
J.O'Brien, dir-new category devel
L. Lent, dir-mktg service

Advertising Agencies

Ted Bates Advertising, New York—Breck, Old Spice aftershave & cologne, Pine-Sol liquid cleaner—Scott Messenger, mgmt rep; Nancy Clott, media dir; Diana Singer, acct super, Old Spice aftershave & cologne; Laura Jackson, acct-super, Pine-Sol Liquid Cleaner.

Carrafiello Diehl & Associates, Irvington-on-Hudson, N.Y.—Combat, Surpass—A. Louis Carrafiello, president; Robert Brandt, mgmt super; Len Fiore, acct exec; Marguerite Kennedy, media dir.

Dancer Fitzgerald Sample, New York —Old Spice stick deodorant/antiperspirant, Old Spice line, Lady's Choice—Gary Himes, mgmt super, Lady's Choice, Old Spice; Roy Elvove, acct super; Stanley Becker, creative dir.

JACQUELINE COCHRAN INC. DIVISION
New York, N.Y.
Corporate Personnel

Iain A. Forsythe, president

Marketing Personnel

S. Cohen Forrest, dir-La Prairie mktg
M.F. Fleishman, sr exec-vp, mktg
B. Kotlikoff, sr vp-mktg, Ricci prods
L. Miller, vp-mktg, women's fragrances
T. Moloney, vp-mktg, men's fragrances

Advertising Agency

BBDO, New York—Nina Ricci/Pierre Cardin—Jack Thorne, exec vp; M. Paxton, sr vp; B. Day, vp-acct super.

SHULTON INC.
INTERNATIONAL DIVISION
Wayne, N.J.
Marketing Personnel

F.L. Laevey, vp-mktg
J. Akkerman, dir-mktg
J.W. Janis, dir-mktg
O.A. Fohl, dir-business info service

INTERNATIONAL/LATIN AMERICA GROUP
Marketing Personnel

K.M. Sethna, dir-mktg, Lederle prods, Cyanamid International
J.L. Ackermann, dir-Davis & Geck prods
D. Pritchard, dir-Lederle Pharmaceuticals, Latin America Group
E.J. Reynolds, dir-Davis & Geck prods, Latin America Group

CHEMICAL PRODUCTS
Corporate Personnel

D.N. Wiedman, dir-Canada/Europe/Mideast/Africa
George Roberts, dir-Australia/Far East
L.D. Frattaroli, dir-Latin America group

Advertising Agency

(In-house) Berdan Associates—B. Evangelos, adv mgr

MEDICAL PRODUCTS
Advertising Agencies

AM/PM Advertising, Newark, N.J.—R. Saks, partner; Ronald Hodes, partner-acct exec.

Carrafiello & Diehl Associates—Lou Carreffiello, president.

D.M. Advertising, Jericho, N.Y.—D.F. McGuillicuddy, president.

Dugan Farley—John Farley, partner; Pat Dugan, partner.

Daniel Glassman Associates—Daniel Glassman, president.

Klemtner Advertising, New York—L.A. G. Scott, exec vp.

American Dairy Assn.

RANK 69

Rosemont, Ill.

($ in millions)

U.S.	1985	1984	% chg
Sales	56	46	22.8
Net income	N/A	N/A	N/A
Advertising	121	60	100.9

The new-found advertising dollars—a 258% increase from 1984 to 1985—for the American Dairy Assn. are an example of how legislative fiat can energize an industry.

The bigger budget for the ADA resulted from lobbying by the nation's steadily slumping dairy farmers that produced the Dairy & Tobacco Adjustment Act of 1983, which authorizes a national program of dairy promotion, research and nutrition education paid for by a mandatory assessment of 15¢ per hundredweight on milk produced by dairy farmers.

Administering this program is the National Dairy Promotion & Research Board, consisting of 36 dairy farmers selected by the U.S. secretary of agriculture from nominees submitted by dairy producer organizations across the country.

Of the 15¢, up to 10¢ can go to local and regional dairy councils or other bodies for dairy-product promotion and education; 5¢ can be used by the national board.

For the promotion of dairy products in 1985 and through August, 1986, this meant the influx of an additional $68 million to advertise milk, cheese, butter and ice cream. These funds were contributed to the ADA by the Dairy Promotion Federation Assn. and the NDPRB; all three joined in coordinating the big promo nationally. The ADA and its principal agency, D'Arcy Masius Benton & Bowles, Chicago, planned and bought the media.

The American Dairy Assn. is the marketing/advertising arm of the United Dairy Industry Assn., Rosemont, Ill., a dairy industry umbrella organization to promote the consumption of dairy foods. The other two main areas are Dairy Research Inc., or DRINC, which sponsors research and development of new dairy technologies, and the National Dairy Council, which provides education, encourages and administers nutrition research in scientific, medical, dental institutions and universities to promote dairy product use.

UDIA, the world's largest commodity promotion organization, says its representation covers 95% of all U.S. dairy farmers and 85% of all milk marketed in the U.S. The organization had its beginnings in 1915 with the chartering of the National Dairy Council, formed to teach children about good eating habits. This was followed in 1940 with the founding of the American Dairy Assn., set up to begin aggressively advertising dairy products when the need for such promotion was first being recognized. Three decades later, in 1969, Dairy Research Inc. was started to assure continuing dairy market growth by developing new milk-related products, and in 1970 the UDIA was established to pull all these functions together in one coordinated dairy promotion program.

Support and promotion of the U.S. dairy industry is so complex that UDIA is only one of a panoply that also includes the International Assn. of Ice Cream Manufacturers, the National Promotion and Research Dairy Board, the Milk Industry Foundation, the DPFA, the NDPRB and the dozens of member and affiliated regional and local dairy organizations such as the South East UDIA, Wisconsin Milk Marketing Board and the New England Dairy & Food Council.

Even the UDIA continues to proliferate. Late in 1985, it formed a new group, the Dairy Industry Foundation, to raise $1 million for fighting world hunger. Relief is channeled through Church World Hunger/CROP and Catholic Relief Services.

While other areas of UDIA in 1985 dealt with crisis-management tasks in the year's cheese and milk salmonella contaminations, the ADA had its own problem to solve—the chronic malady of stagnant milk sales for many years. Continuing marketing promotion over the years and now the sharp upturn in ad spending for 1985 and 1986 appears to be helping. From 1950 to 1984, annual milk-product sales increases exceeded 3% in only two years. But in just the past two years sales jumped 7%, rising more than 3.3% in 1984 and 3.6% in 1985.

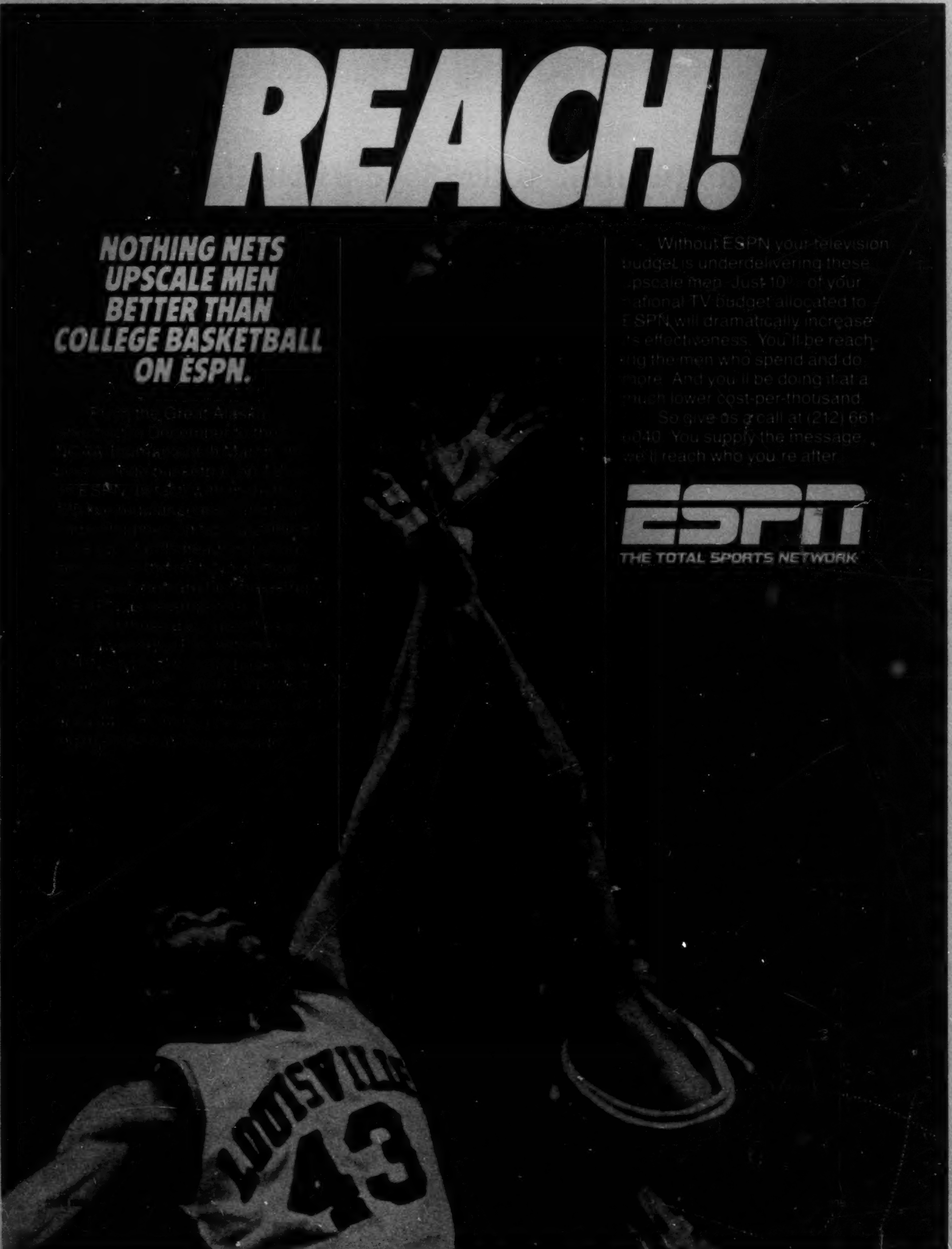
More unified action by the dairy industry is said to be the major factor in in this success. Aided and abetted by both the Dairy Promotion Federation Assn. and National Dairy Promotion & Research Board, the UDIA's ADA and the West Coast dairy promotion group, COW Dairymen—the acronym for California, Oregon and Washington—mounted major advertising programs to sell adults on milk, cheese, butter and ice cream. The 15¢ assessment from the new Dairy Promotion Program added up to the major surge in 1985 spending by ADA.

The Leading National Advertisers seven measured media figure alone was $99.4 million for 1985, compared with $23.7 million in 1984. The additional $3 million spent for unmeasured advertising went for point-of-purchase kits and installations, according to Donna Arcus, ADA director of advertising services.

In addition to planning and coordinating the UDIA dairy advertising program, a second ADA promotional effort is the Food Publicity Program which promote the use of dairy products singularly or as used in recipies. Another publicity phase is developing personal contact with food editors. The third area of ADA promotional responsibility is the foodservice program, aimed at increasing use of dairy products by distributors that supply foods to hotels, restaurants, schools and other institutional outlets.

A prime element of ADA advertising in 1985 was a big surge for what always has been a heavily supported product, fluid milk, which got $36.5 million in the LNA seven measured media. With the theme "Milk. America's Health Kick," the ADA targeted young adults, 18 to 34, and in six 30-second tv commercials, three radio commercials and two outdoor board designs showed them enjoying active sports and good family living. Four radio spots on milk were aimed at teens. Breakdown of the milk spending was $23.3 million for network tv, $13.1 million for spot tv, 4.5 million for radio and $25,900 for outdoor.

Five new 30-second tv commercials bore the general theme "Make Your Meals Sing With Real Cheese." All were aimed at adults, 25 to 54. In this series for the first time the ADA used cable tv networks, including USA Network, CBN and Lifetime, and the WTBS superstation. Also, the cheese campaign included three spreads that ran in national women's, household, cooking and general magazines.


REACH!

NOTHING NETS UPSCALE MEN BETTER THAN COLLEGE BASKETBALL ON ESPN.

[illegible]

Without ESPN your television budget is underdelivering these upscale men. Just 10% of your national TV budget allocated to ESPN will dramatically increase its effectiveness. You'll be reaching the men who spend and do more. And you'll be doing it at a much lower cost-per-thousand.

So give us a call at (212) 661-0040. You supply the message, we'll reach who you're after.

ESPN
THE TOTAL SPORTS NETWORK

Total seven-media spending for the cheese promotion was nearly $34 million, including $31.1 million for network tv and $1.6 million more for spot tv.

Under the aegis of the ADA, additional 1985 measured spending for combination advertising of milk, cheese, yogurt and cottage cheese totaled about $12 million, including $8.8 million for network tv, $2.04 million for spot tv, $1.02 million for cable. Advertising by regional dairy groups in the mid-Atlantic, Midwest and Pacific coast states added another $2.4 million to the total.

Butter received heavy backing in ADA measured spending through 1985, beginning early in the year with a tv commercial, "America Loves Butter," and extending into two radio spots for local campaigns. Still later, a new butter campaign took on margarine by stressing butter's flavor and "natural origins" versus oleo's qualities.

The ADA launched the new campaign, "What butter brings to everything is gold," early in 1986 via tv and magazines.

Working with the ADA on the campaign was its newly selected butter agency, Tatham-Laird & Kudner, Chicago. In mid-1986, TLK resigned the account because of possible conflicts with work for a major client, R.J. Reynolds, whose products include Fleischmann's and Blue Bonnet margarine and Hawaiian Punch.

ADA measured spending for butter in 1985 was $5.13 million, with $2.78 million of that in spot tv, $1.3 million in network radio and $770,500 for magazines.

An additional multi-million support for dairy-product marketing also is provided through cooperative promotion tie-ins between the ADA and a host of co-partners. Co-partners, offering purchaser premiums of dairy products, were Quaker Oats Co. with Aunt Jemima pancake mixes and syrup, Cap'n Crunch cereal, Chewy granola bars and Dipps; Nabisco Oreo cookies and Nabisco Honey Maid graham crackers; Libby Lite fruits; General Foods Jell-O puddings, and Nestle Morsels.

Ralston Purina, Kellogg, Post and other cereal makers also joined with the ADA in offering rebates on milk and other dairy products on submission of proof-of-purchase seals from their cereal boxes. For every participant, Kellogg also kicked in $1 to the Statue of Liberty-Ellis Island restoration project.

Underlying all of this advertising were two themes long a part of ADA promotion—use of the "REAL" seal for all dairy products and generic or nonbrand advertising of fluid milk.

The ADA says that as of 1985 about 90% of all potential users of the REAL seal are using it.

During the year, the ADA released two new REAL commercials using spokesman Vincent Price and the message: "Welcome to the Real World of Dairy Goodness."

Even with milk volumes increasing because whole milk sales, where the money is, are declining while less profitable fat-reduced milk sales are rising. Karen Roepken, ADA senior vp, marketing and economic research, reports that in 1980, total whole milk sold in the U.S. was 31.75 million lbs.; lowfat milk, 16.2 million lbs., and skim, 2.7 million lbs. By 1985, the proportions had shifted to whole, 27.7 million lbs.; lowfat, 20.2 million lbs., and skim, 3.1 million.

By vigorously promoting the sale of all dairy products the ADA helps its dairy farmer constituents cope with this problem of a calorie-conscious, cholesterol-shunning—but now calcium-seeking—world.

In current personnel changes, Edward A. Peterson became the new UDIA chief executive officer, and Elizabeth G. Walsh was named ADA director of food publicity.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,259	$318
Newspaper	205	942
Newsp. supp.	140	0
Bus. pubs.	389	271
Network tv	71,089	21,786
Spot tv	22,848	24,761
Network radio	1,930	572
Spot radio	4,730	3,104
Outdoor	617	386
Network cable	1,516	0
Total measured	104,723	52,139
Unmeasured	16,277	8,104
Total	121,000	60,243

AMERICAN DAIRY ASSN.
6300 N. River Rd.
Rosemont, Ill. 60018
(312) 696-1880

Marketing Personnel

Joe Kelsch, president-sr vp-mktg, United Dairy Ind. Assn.
Stephen Dohrmann, vp-mktg planning
Grover Simpson, vp-mktg services
Elizabeth Walsh, dir-food publicity
Donna Arcus, dir-adv services
Kevin Brash, acct exec-West
Tom Valdiserri, acct exec-Midwest
Bill Danhoff, acct exec-Northeast
Bruce Murdy, acct super-Wisconsin cheese
Tod Martin, acct super-Southeast
Karen Estridge, acct super-Southeast & Middle Atlantic
Lindy Williams, Midwest, Southwest

Advertising Agencies

D'Arcy Masius Benton & Bowles, Chicago—fluid milk, cheese, REAL Seal, misc prod promos—Ben Bishop, sr vp-mgmt super; Dave Urbaniak, vp-acct group super, dairy, sales promo, field acct operations; Andrea Dichter, sr acct exec, fluid milk, NDB ice cream, field promos; Tina Demetris, acct exec, "REAL" Seal, cheese; Brad English, acct exec, natl promos.

Grey Advertising, New York and Chicago—butter—Jordan Rosuck, exec vp-mgmt rep; Tony Thurston, vp-group mgmt super; George Ruthauser, vp-mgmt super; Brad Beechen, sr vp-mgmt super; Barbara Feigin, exec vp-dir of mktg & rsch.

Norton Associates, Chicago—foodservice—Tom Hamilton, sr vp-genl mgr; Sloan Donnellan, acct exec.

American Express Co.

RANK **47**

New York

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	11,850	9,642	22.9
Net income	810	610	32.8
U.S.	**1985**	**1984**	**% chg**
Sales	9,434	7,367	28.1
Operating profits	931	594	56.7
Advertising	170	173	(2.1)
Division sales	**1985**	**1984**	**% chg**
Travel	4,228	3,620	16.7
Int'l banking	1,568	1,546	1.3
Investment svcs	3,246	2,280	42.4
IDS financial	2,201	1,576	39.7
Insurance svcs	659	740	(10.9)

American Express Co. juggled the spending weight it gives the various advertising media in 1985 as it altered its business segments by selling its cable operations and dramatically reducing its ownership in Fireman's Fund—both money losers.

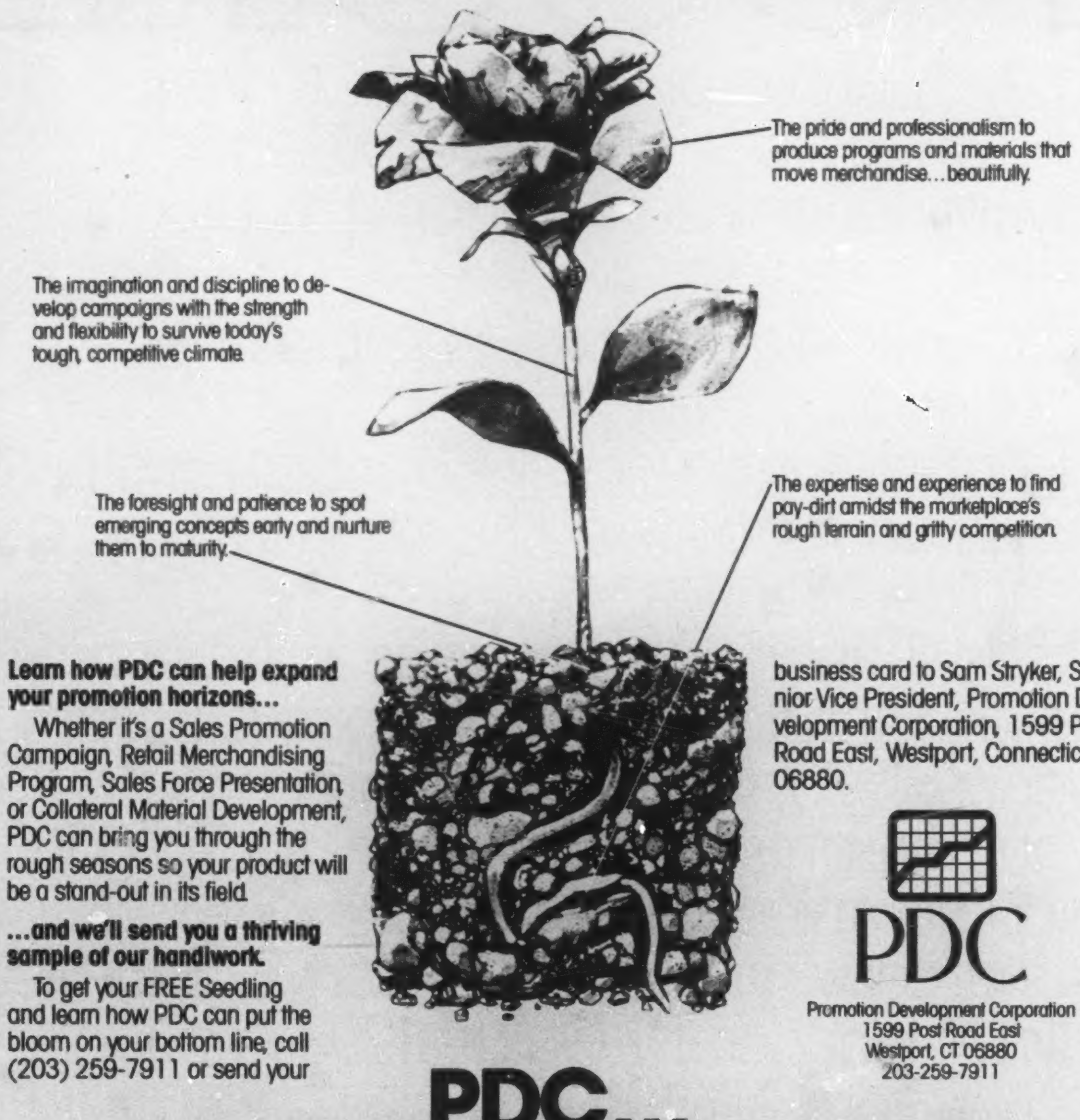
Media spending by the company in 1985 involved major shifts in dollars from network tv, which dropped 27.5% to $40.4 million, and spot tv, off 13.3% to $19.8 million, largely in favor of magazines, up 62.6% to $33.5 million, according to Leading National Advertisers, which monitors seven major media.

Travel Related Services, including credit cards and travelers checks, experienced an increase of 19% in net income to $461 million on a 17% increase in sales, as the number of cards in use rose 10%, to 22.2 million. The charge volume jumped 16.7% to $55.4 billion.

Credit card service, the largest advertised item at American Express, received $56.8 million, up from $39.5 million in 1984, according to LNA, which showed across-the-board increases in magazines, network and spot tv.

This July, Travel Related Services broke a campaign supporting its new Global Assist program, a worldwide 24-hour medical and legal referral hotline with information on visas and inoculations. Services include transmission of urgent messages and interpreter services, among other things.

The Rockier The Soil,
The Brighter The Bloom!


The pride and professionalism to produce programs and materials that move merchandise...beautifully.
The imagination and discipline to develop campaigns with the strength and flexibility to survive today's tough, competitive climate.
The foresight and patience to spot emerging concepts early and nurture them to maturity.
The expertise and experience to find pay-dirt amidst the marketplace's rough terrain and gritty competition.

Learn how PDC can help expand your promotion horizons...

Whether it's a Sales Promotion Campaign, Retail Merchandising Program, Sales Force Presentation, or Collateral Material Development, PDC can bring you through the rough seasons so your product will be a stand-out in its field.

...and we'll send you a thriving sample of our handiwork.

To get your FREE Seedling and learn how PDC can put the bloom on your bottom line, call (203) 259-7911 or send your business card to Sam Stryker, Senior Vice President, Promotion Development Corporation, 1599 Post Road East, Westport, Connecticut 06880.

PDC
Promotion Development Corporation
1599 Post Road East
Westport, CT 06880
203-259-7911

PDC...
Promotion Campaigns that thrive in the tough turf of the retail marketplace.

Media spending by 100 leading advertisers

Rank	Company	Headquarters	Total estimated spending	'85-'84 % change	Total unmeasured	Total LNA media	Total non-LNA media	Non-LNA measured media			
								Newspaper	Business pubs.	Spot radio	Farm pubs.
1	Procter & Gamble	Cincinnati	$1,600,000	9.4	$670,360	$913,448	$16,191	$7,345	$3,170	$5,677	$0
2	Philip Morris Cos.	New York	1,400,000	4.8	481,209	813,513	105,278	78,031	1,439	25,808	0
3	RJR/Nabisco	Winston-Salem, N.C	1,093,000	(7.5)	435,625	574,284	83,091	73,321	1,835	7,935	0
4	Sears, Roebuck & Co.	Chicago	800,000	(12.4)	579,917	202,703	17,380	0	875	16,505	0
5	General Motors Corp.	Detroit	779,000	6.5	212,320	386,474	180,205	140,979	9,332	27,942	1,953
6	Beatrice Cos.	Chicago	684,000	3.3	444,452	217,199	22,350	8,773	1,379	12,198	0
7	Ford Motor Co.	Dearborn, Mich.	614,600	17.8	153,087	361,511	100,003	77,295	5,189	14,493	3,026
8	K mart Corp.	Troy, Mich.	567,000	(25.1)	505,065	55,520	6,416	0	23	6,393	0
9	McDonald's Corp.	Oak Brook, Ill.	550,000	20.3	232,227	312,353	5,419	0	7	5,412	0
10	Anheuser-Busch Cos.	St. Louis	522,900	3.0	206,889	269,963	46,047	5,611	724	39,713	0
11	American Telephone & Telegraph	New York	521,318	(8.5)	118,938	319,228	83,152	57,210	18,580	7,362	0
12	Ralston Purina Co.	St. Louis	508,365	13.9	308,139	188,910	11,316	2,345	446	6,902	1,624
13	Dart & Kraft	Northbrook, Ill.	489,349	3.1	260,000	215,440	13,909	6,433	51	7,425	0
14	General Mills	Minneapolis	484,146	7.2	200,000	278,119	6,027	1,592	607	3,829	0
15	J.C. Penney Co.	New York	478,892	4.1	406,587	72,244	61	0	0	61	0
16	PepsiCo Inc.	Purchase, N.Y.	478,372	13.3	160,643	281,542	36,188	5,926	337	29,925	0
17	Pillsbury Co.	Minneapolis	473,220	5.5	226,293	234,898	12,029	769	254	11,006	0
18	Warner-Lambert Co.	Morris Plains, N.J.	469,339	6.4	307,049	157,145	5,145	1,150	3,003	992	0
19	Unilever U.S.	New York	413,623	3.7	176,034	232,928	4,661	2,398	150	2,114	0
20	Johnson & Johnson	New Brunswick, N.J.	401,217	(4.6)	200,000	199,612	1,605	113	528	964	0
21	American Home Products Corp.	New York	399,516	(3.2)	172,078	225,527	1,911	89	539	1,283	0
22	Chrysler Corp.	Highland Park, Mich.	393,400	14.3	78,495	247,513	67,392	42,000	1,105	23,549	738
23	Coca-Cola Co.	Atlanta	390,000	(4.6)	157,522	209,970	22,508	6,941	835	14,732	0
24	GE/RCA	New York	373,336	(16.4)	201,265	126,888	45,184	29,870	12,539	2,775	0
25	Kellogg Co.	Battle Creek, Mich.	364,299	20.6	150,000	212,520	1,779	460	641	678	0
26	Bristol-Myers Co.	New York	344,293	(1.0)	162,127	178,645	3,522	1,995	213	905	409
27	International Business Machines Corp.	Armonk, N.Y.	327,834	(15.7)	156,407	123,391	48,036	30,610	14,976	2,450	0
28	Nestle SA	White Plains, N.Y.	319,254	11.3	150,000	161,111	8,144	1,250	2,976	3,615	303
29	Sara Lee Corp.	Chicago	285,956	14.7	149,059	123,400	13,497	3,350	0	10,147	0
30	Mars Inc.	McLean, Va.	275,504	26.9	123,218	149,283	3,003	377	2,091	535	0
31	American Cyanamid Co.	Wayne, N.J.	266,189	(6.5)	200,776	56,730	8,684	59	1,439	2,169	5,017
32	H.J. Heinz Co.	Pittsburgh	261,541	14.5	157,161	100,501	3,879	1,145	1,727	1,007	0
33	U.S. Government	Washington	259,050	(10.0)	115,663	122,884	20,503	10,149	1,121	9,233	0
34	Colgate-Palmolive Co.	New York	253,495	(2.2)	158,375	92,009	3,112	1,504	221	1,387	0
35	Eastman Kodak Co.	Rochester, N.Y.	247,300	(24.8)	165,284	70,815	11,201	3,635	6,043	1,321	202
36	Quaker Oats Co.	Chicago	245,997	5.1	130,000	105,489	10,507	1,972	1,956	6,580	0
37	Sterling Drug	New York	224,940	1.7	108,867	113,213	2,860	701	179	1,980	0
38	Campbell Soup Co.	Camden, N.J.	215,059	2.2	85,000	124,313	5,747	2,817	347	2,582	0
39	CBS Inc.	New York	208,000	3.5	73,054	111,285	23,661	20,936	1,993	732	0
40	Mobil Corp.	New York	195,262	11.0	133,726	45,437	16,100	7,668	2,625	5,320	487
41	Tandy Corp.	Fort Worth, Tex.	186,861	(3.6)	140,345	43,332	3,184	0	950	2,234	0
42	Beecham Group plc	Middlesex, U.K.	186,322	4.4	80,000	104,755	1,567	0	546	132	889
43	Grand Metropolitan plc	London, U.K.	176,749	1.3	85,000	83,445	8,304	7,101	0	1,203	0
44	Batus Inc.	Louisville, Ky.	175,420	0.1	77,000	67,989	30,431	28,425	0	2,007	0
45	Toyota Motor Corp.	Torrence, Cal.	172,035	24.3	22,343	122,760	26,932	20,761	770	5,210	192
46	IC Industries	Chicago	171,000	24.5	100,710	58,758	11,532	1,765	0	9,767	0
47	American Express Co.	New York	169,868	(2.1)	49,657	98,686	21,526	14,864	1,087	5,575	0
48	Schering-Plough Corp.	Madison, N.J.	169,383	16.1	87,131	74,229	8,023	200	1,392	5,871	560
49	Nissan Motor Co.	Carson, Cal.	162,566	(1.6)	34,379	99,398	28,790	16,504	623	11,663	0
50	Gillette Co.	Boston	161,000	(2.9)	74,826	85,016	1,158	488	315	355	0
51	American Brands	New York	160,000	2.7	96,798	59,152	4,050	4,050	0	0	0
52	Chesebrough-Pond's	Greenwich, Conn.	159,792	6.9	77,068	77,860	4,864	670	172	947	3,075
53	Pfizer Inc.	New York	158,463	2.9	95,000	58,663	4,800	720	3,166	0	914
54	Loews Corp.	New York	156,918	(17.1)	75,000	67,139	14,778	13,815	27	937	0
55	Honda Motor Co.	Gardena, Cal.	156,473	15.0	42,556	96,929	16,991	10,331	264	5,881	514
56	Time Inc.	New York	156,205	14.0	30,462	106,239	19,505	13,592	5,529	383	0
57	GTE Corp.	Stamford, Conn.	153,606	52.9	44,344	83,230	26,032	13,665	4,402	7,965	0
58	Goodyear Tire & Rubber Co.	Akron, O.	149,305	(5.8)	102,952	43,329	3,025	32	1,884	469	640
59	ITT Corp.	New York	149,000	8.3	99,599	36,603	12,798	2,465	5,668	4,665	0
60	Revlon Group	Pompano Beach, Fla.	147,215	(25.6)	88,973	57,443	799	0	0	799	0
61	S.C. Johnson & Sons	Racine, Wis.	146,146	48.2	64,838	78,328	2,980	667	0	2,313	0
62	UAL Inc.	Elk Grove Township, Ill.	145,000	25.8	49,193	62,284	33,523	19,987	150	13,386	0
63	Walt Disney Co.	Burbank, Cal.	140,000	101.4	95,980	39,872	4,149	2,240	283	1,626	0
64	Xerox Corp.	Stamford, Conn.	128,898	(0.7)	68,551	42,824	17,523	11,351	5,085	1,087	0
65	American Motors Corp.	Southfield, Mich.	126,000	(1.0)	31,727	82,498	11,776	9,902	384	1,489	0
66	Warner Communications	New York	124,165	(25.0)	75,039	46,671	2,455	1,910	40	505	0
67	Volkswagen of America	Troy, Mich.	123,100	23.5	21,395	88,511	13,193	10,966	270	1,957	0
68	Cosmair Inc.	New York	122,149	1.4	41,396	79,835	918	905	13	0	0
69	American Dairy Assn.	Rosemont, Ill.	121,000	100.9	16,277	99,399	5,324	205	389	4,730	0
70	CPC International	Englewood Cliffs, N.J.	120,000	(4.8)	75,504	40,247	4,249	1,388	1,483	1,378	0
71	Hershey Foods Corp.	Hershey, Pa.	118,990	13.9	50,000	67,354	1,636	513	231	892	0
72	Wendy's International	Dublin, O.	115,000	15.5	26,850	87,685	465	0	0	465	0
73	Hasbro Inc.	Pawtucket, R.I.	114,849	35.3	15,000	98,967	882	63	224	595	0
74	Stroh Brewery Co.	Detroit	113,000	(17.9)	49,520	54,544	8,937	704	135	8,098	0
75	E.I. du Pont de Nemours & Co.	Wilmington, Del.	112,184	5.8	35,778	56,122	20,284	973	11,179	1,895	6,236
76	Jos E. Seagram Co.	New York	110,183	(5.0)	27,543	73,441	9,199	7,054	1,053	1,092	0
77	Union Carbide Corp.	Danbury, Conn.	110,000	12.9	41,433	61,809	6,759	714	2,851	966	2,228
78	Bayer AG	Leverkusen, W. Germany	108,000	2.3	42,559	57,648	7,793	0	2,044	1,076	4,673
79	Clorox Co.	Oakland, Cal.	107,105	(2.8)	27,169	78,272	1,664	929	668	67	0
80	Noxell Corp.	Baltimore	106,128	(4.8)	45,000	61,128	0	0	0	0	0
81	AMR Corp.	Dallas	105,412	11.0	28,202	42,736	34,474	19,534	723	14,217	0
82	Dow Chemical Co.	Midland, Mich.	105,000	14.5	25,728	72,893	6,379	670	3,501	364	1,844
83	Adolph Coors Co.	Golden, Colo.	104,981	19.7	35,000	58,356	11,626	2,055	34	9,537	0
84	Greyhound Corp.	Phoenix	102,604	15.5	46,772	45,460	10,372	3,971	357	6,044	0
85	Mazda Motors of America	Rancho Dominguez, Cal.	101,743	41.5	28,241	68,367	5,136	5,029	74	33	0
86	MCA Inc.	Universal City, Cal.	98,360	20.1	40,915	49,605	7,840	1,421	0	6,419	0
87	Brown-Forman Co.	Louisville, Ky.	94,260	39.1	34,208	51,317	8,735	8,187	7	542	0
88	Delta Air Lines	Atlanta	94,020	0.5	30,000	26,484	37,536	17,116	518	19,903	0
89	Van Munching & Co.	New York	93,388	12.8	36,960	24,173	32,255	375	160	31,720	0
90	Monsanto Co.	St. Louis	92,885	4.4	29,265	52,942	10,678	203	2,012	1,230	7,234
91	Eastern Air Lines	Miami	89,700	14.7	28,000	21,673	40,026	24,838	245	14,944	0
92	Matsushita Electric Industrial Co.	Secaucus, N.J.	86,000	(8.4)	43,174	33,123	9,703	4,046	4,268	1,389	0
93	Mattel Inc.	Hawthorne, Cal.	85,092	12.0	20,000	64,167	925	524	401	0	0
94	Apple Computer	Cupertino, Cal.	83,859	(37.3)	30,000	38,993	14,866	8,139	1,557	5,170	0
95	Gulf & Western	New York	82,101	(13.8)	30,584	47,941	3,576	2,250	177	1,149	0
96	Wm. Wrigley Jr. Co.	Chicago	81,536	15.7	6,828	74,492	216	0	161	55	0
97	Canon Inc.	Lake Success, N.Y.	81,201	(20.9)	20,409	53,687	7,105	3,279	3,143	684	0
98	Capital Cities/ABC	New York	72,247	6.2	8,888	41,713	21,646	18,168	216	3,263	0
99	Cotter & Co.	Chicago	71,670	6.2	25,000	45,121	1,550	0	59	1,491	0
100	George A. Hormel & Co.	Austin, Minn.	70,702	53.0	25,951	31,258	13,493	1,779	1,444	10,269	0

NOTES: Dollars in thousands. Sources: Newspaper from Media Records, business publications from Rome Reports, spot radio from Radio Advertising Bureau and farm publications from Agricultural Marketing Information Services (AGRICOM); except U.S. Government ad spending, from agencies of the federal government. See Page 14 for breakout of media monitored by Leading National Advertisers. For further explanation, see *Where Ad Age got its data*, Page 16.

LNA-media spending by 100 leading advertisers

					LNA measured media						
Rank	Company	Headquarters	Total estimated spending	Total LNA	Magazine	Newsp. supplement	Network tv	Spot tv	Network radio	Outdoor	Network cable
1	Procter & Gamble	Cincinnati	$1,600,000	$913,448	$93,144	$2,107	$488,756	$285,118	$12,770	$150	$31,404
2	Philip Morris Cos.	New York	1,400,000	813,513	215,038	20,895	348,281	138,970	2,076	66,991	21,261
3	RJR/Nabisco	Winston-Salem, N.C	1,093,000	574,284	164,137	35,898	179,254	81,686	9,334	95,239	8,736
4	Sears, Roebuck & Co.	Chicago	800,000	202,703	19,190	862	122,657	34,421	20,803	430	4,340
5	General Motors Corp.	Detroit	779,000	386,474	107,524	2,594	209,898	49,067	9,034	3,633	4,724
6	Beatrice Cos.	Chicago	684,000	217,199	43,113	889	111,640	53,361	5,456	460	2,280
7	Ford Motor Co.	Dearborn, Mich.	614,600	361,511	114,739	1,397	191,373	37,087	7,625	3,222	6,068
8	K mart Corp.	Troy, Mich.	597,000	55,520	10,724	0	16,222	23,257	4,435	369	513
9	McDonald's Corp.	Oak Brook, Ill.	550,000	312,354	892	0	184,882	118,046	195	6,914	1,425
10	Anheuser-Busch Cos.	St. Louis	522,900	269,995	13,986	327	154,503	70,747	8,929	5,105	16,398
11	American Telephone & Telegraph	New York	521,318	319,228	88,137	4,990	167,728	29,700	24,853	126	3,696
12	Ralston Purina Co.	St. Louis	508,365	188,910	21,719	1,099	102,617	58,471	1,408	1,047	2,550
13	Dart & Kraft	Northbrook, Ill.	489,349	213,440	35,723	2,245	111,182	64,033	652	21	1,584
14	General Mills	Minneapolis	484,146	278,119	24,804	1,089	114,372	122,674	2,030	358	12,792
15	J.C. Penney Co.	New York	478,892	72,244	9,280	54	44,552	17,640	0	360	358
16	PepsiCo Inc.	Purchase, N.Y.	478,372	281,542	4,668	0	82,456	183,220	3,296	3,387	4,513
17	Pillsbury Co.	Minneapolis	473,220	234,898	4,675	0	115,861	112,374	0	1,261	728
18	Warner-Lambert Co.	Morris Plains, N.J.	469,339	157,145	13,585	1,173	83,352	39,281	16,268	9	3,474
19	Unilever U.S.	New York	413,623	232,928	18,252	870	153,754	56,415	1,255	19	2,363
20	Johnson & Johnson	New Brunswick, N.J.	401,219	199,612	29,419	193	154,964	10,618	790	217	3,411
21	American Home Products Corp.	New York	399,516	225,527	16,235	18	183,394	20,233	925	3	4,720
22	Chrysler Corp.	Highland Park, Mich.	393,400	247,513	73,579	2,185	96,194	63,133	4,269	3,027	5,126
23	Coca-Cola Co.	Atlanta	390,000	209,970	9,059	997	114,708	76,188	791	3,852	4,375
24	GE/RCA	New York	373,336	126,888	55,288	5,032	49,173	11,953	1,668	1,253	2,520
25	Kellogg Co.	Battle Creek, Mich.	364,299	212,520	300	0	156,431	51,050	0	15	4,725
26	Bristol-Myers Co.	New York	344,253	178,642	28,433	727	127,642	17,092	291	1	4,456
27	International Business Machines Corp.	Armonk, N.Y.	327,834	123,391	52,535	2,015	62,749	2,227	3,014	18	832
28	Nestle SA	White Plains, N.Y.	319,254	161,111	21,777	771	76,754	54,327	4,004	78	3,400
29	Sara Lee Corp.	Chicago	285,956	123,400	27,940	830	64,129	26,196	2,313	18	1,974
30	Mars Inc.	McLean, Va.	275,304	149,283	5,820	347	87,216	40,304	3,991	0	11,605
31	American Cyanamid Co.	Wayne, N.J.	266,189	56,730	10,149	1,326	28,371	13,833	626	194	2,231
32	H.J. Heinz Co.	Pittsburgh	261,541	100,501	8,128	32	56,462	34,550	0	37	1,293
33	U.S. Government	Washington	259,050	122,884	37,651	0	54,647	17,976	6,226	4,906	1,478
34	Colgate-Palmolive Co.	New York	253,495	92,009	6,774	1,269	64,956	16,751	446	0	1,814
35	Eastman Kodak Co.	Rochester, N.Y.	247,300	70,815	14,797	692	44,303	7,895	806	630	1,692
36	Quaker Oats Co.	Chicago	246,997	105,498	11,439	1,295	67,045	23,596	928	18	1,177
37	Sterling Drug	New York	224,940	113,213	11,386	364	80,980	14,752	3,749	0	1,981
38	Campbell Soup Co.	Camden, N.J.	215,639	124,313	16,924	1,014	68,497	29,757	4,655	2	3,464
39	CBS Inc.	New York	208,000	111,285	60,405	13,720	17,526	14,253	1,042	729	3,612
40	Mobil Corp.	New York	195,262	45,443	7,396	362	12,865	22,839	60	347	1,574
41	Tandy Corp.	Fort Worth, Tex.	186,861	43,332	5,546	0	29,328	3,665	3,768	0	1,025
42	Beecham Group plc	Middlesex, U.K.	186,322	104,755	3,739	31	83,108	15,939	1,069	43	826
43	Grand Metropolitan plc	London, U.K.	176,749	83,445	30,052	4,250	23,787	16,531	0	7,203	1,622
44	Batus Inc.	Louisville, Ky.	175,420	67,989	23,342	11,705	0	10,383	0	22,560	0
45	Toyota Motor Corp.	Torrence, Cal.	172,035	122,760	16,412	31	27,793	71,014	989	2,173	4,349
46	IC Industries	Chicago	171,000	58,759	2,436	0	22,769	32,319	1,101	134	0
47	American Express Co.	New York	169,863	98,686	33,467	1,083	40,448	19,806	2,980	83	819
48	Schering-Plough Corp.	Madison, N.J.	169,383	74,229	24,288	129	39,308	3,359	4,003	1,081	2,062
49	Nissan Motor Co.	Carson, Cal.	162,566	99,398	17,199	0	34,860	44,974	0	1,385	980
50	Gillette Co.	Boston	161,000	85,016	12,057	124	53,635	16,119	1,093	0	1,988
51	American Brands	New York	160,000	59,152	35,025	364	8,839	6,912	204	7,709	100
52	Chesebrough-Pond's	Greenwich, Conn.	159,792	77,860	20,397	123	42,151	5,771	7,969	26	1,424
53	Pfizer Inc.	New York	158,463	58,663	16,729	72	38,552	2,653	28	99	531
54	Loews Corp.	New York	156,918	67,139	36,007	4,024	0	1,865	0	25,171	72
55	Honda Motor Co.	Gardena, Cal.	156,475	96,929	23,940	438	55,109	9,820	3,323	90	4,210
56	Time Inc.	New York	156,200	126,239	63,460	1,697	2,903	45,345	0	9	12,825
57	GTE Corp.	Stamford, Conn.	153,606	83,230	10,892	0	14,654	57,214	0	297	172
58	Goodyear Tire & Rubber Co.	Akron, O.	149,305	43,329	11,807	0	17,781	7,781	5,363	102	495
59	ITT Corp.	New York	149,090	36,603	15,426	349	12,764	5,393	530	1,199	942
60	Revlon Group	Pompano Beach, Fla.	147,215	57,443	23,089	1,207	24,191	6,597	1,579	3	777
61	S.C. Johnson & Sons	Racine, Wis.	146,146	78,328	18,531	1,666	44,979	8,114	4,191	0	847
62	UAL Inc.	Elk Grove Township, Ill.	145,000	62,284	9,969	174	29,940	18,577	1,447	786	1,390
63	Walt Disney Co.	Burbank, Cal.	140,000	39,872	7,431	720	2,713	28,213	0	166	630
64	Xerox Corp.	Stamford, Conn.	128,898	42,824	17,413	0	24,755	144	0	5	507
65	American Motors Corp.	Southfield, Mich.	126,000	82,498	23,888	294	52,690	3,701	0	217	1,708
66	Warner Communications	New York	124,168	46,671	1,807	52	22,144	17,795	185	152	4,537
67	Volkswagen of America	Troy, Mich.	123,100	88,511	35,920	608	34,892	15,678	0	297	1,116
68	Conair Inc.	New York	122,149	79,835	25,633	1,109	42,131	10,273	0	7	682
69	American Dairy Assn.	Rosemont, Ill.	121,000	99,399	1,259	140	71,089	22,848	1,930	617	1,516
70	CPC International	Englewood Cliffs, N.J.	120,000	40,247	10,749	804	16,852	11,768	0	25	49
71	Hershey Foods Corp.	Hershey, Pa.	118,990	67,354	12,424	170	32,554	17,234	3,261	4	1,707
72	Wendy's International	Dublin, O.	115,000	87,685	762	0	44,274	40,442	0	1,798	408
73	Hasbro Inc.	Pawtucket, R.I.	114,849	98,967	5,818	61	28,706	63,068	0	0	1,314
74	Stroh Brewery Co.	Detroit	113,000	54,544	1,674	77	38,110	9,629	0	1,762	3,292
75	E.I. du Pont de Nemours & Co.	Wilmington, Del.	112,184	56,122	32,061	3,238	16,892	3,307	0	9	616
76	Jos. E. Seagram & Sons	New York	110,183	73,441	29,685	1,931	15,630	9,352	521	15,554	769
77	Union Carbide Corp.	Danbury, Conn.	110,000	61,809	1,746	105	46,460	9,936	2,091	1	1,469
78	Bayer AG	Leverkusen, W. Germany	108,000	57,648	1,419	0	46,368	3,926	5,572	111	253
79	Clorox Co.	Oakland, Cal.	107,105	78,272	11,934	1,812	45,122	13,588	1,671	2	4,144
80	Noxell Corp.	Baltimore	106,128	61,128	17,390	126	38,740	3,013	502	10	1,348
81	AMR Corp.	Dallas	105,412	42,736	2,717	0	23,008	16,281	461	80	190
82	Dow Chemical Co.	Midland, Mich.	105,000	72,893	10,739	139	48,616	10,712	1,677	70	941
83	Adolph Coors Co.	Golden, Colo.	104,981	58,356	2,309	0	18,076	34,776	0	1,565	1,630
84	Greyhound Corp.	Phoenix	102,604	45,460	5,915	37	20,086	3,862	14,250	9	1,301
85	Mazda Motors of America	Rancho Dominguez, Cal.	101,743	68,367	22,296	0	38,776	5,381	0	8	1,905
86	MCA Inc.	Universal City, Cal.	99,560	49,385	808	345	35,852	7,769	545	487	3,579
87	Brown-Forman Co.	Louisville, Ky.	96,260	51,317	21,862	5,339	8,159	9,799	259	5,162	738
88	Delta Air Lines	Atlanta	94,020	26,484	426	0	6,142	13,356	0	1,844	4,715
89	Van Munching & Co.	New York	93,388	24,173	7,842	378	6,503	9,166	284	0	0
90	Monsanto Co.	St. Louis	92,888	52,942	4,925	84	37,995	6,024	3,548	30	336
91	Eastern Air Lines	Miami	89,700	21,673	4,399	31	350	15,420	0	1,325	148
92	Matsushita Electric Industrial Co.	Secaucus, N.J.	86,000	33,123	23,120	26	985	6,940	431	432	1,188
93	Mattel Inc.	Hawthorne, Cal.	85,092	64,167	3,751	0	37,166	20,805	0	195	2,252
94	Apple Computer	Cupertino, Cal.	83,859	38,993	11,916	246	25,863	356	254	69	289
95	Gulf & Western	New York	82,101	47,941	5,227	192	18,622	18,077	3,077	198	2,548
96	Wm. Wrigley Jr. Co.	Chicago	81,596	74,492	2,370	0	47,914	19,305	1,274	0	3,628
97	Canon Inc.	Lake Success, N.Y.	81,201	53,687	23,295	56	21,400	5,502	1,042	426	1,967
98	Capital Cities/ABC	New York	72,247	41,713	34,898	407	0	4,563	42	1,117	686
99	Cotter & Co.	Chicago	71,270	45,121	6,752	0	14,656	13,126	9,049	46	1,492
100	George A. Hormel & Co.	Austin, Minn.	70,702	31,258	4,012	98	6,325	12,200	7,829	513	282

NOTES: Dollars in thousands. Sources: Magazine and newspaper supplements as reported by Publishers Information Bureau; network tv, spot tv, network radio and network cable as reported by Broadcast Advertisers Reports; outdoor as reported by Institute of Outdoor Advertising and Outdoor Advertising Assn. of America; except U.S. Government ad spending, from agencies of the federal government. See Page 12 for breakout of media not monitored by Leading National Advertisers. For further explanation, see Where Ad Age got its data, Page 16.

While spending on credit card advertising increased, results were static or lower in other categories. LNA figures for travelers checks showed a decline of 38% to $10.9 million, virtually all reduced spending occuring in network tv, down from $12.2 million to $6.6 million. The checks are still being promoted with Karl Malden's grim warnings about potential vacation chaos using the theme, "It could happen to you."

Shearson Lehman Brothers, marking the first full year of operations following the merger with Lehman Brothers Kuhn Loeb, moved ahead sharply, with net income up 95%, to $201 million, on an increase of 42% in sales.

Shearson Lehman over-all media spending dropped from $16.9 million to $7 million in 1985, the biggest media reduction coming in spot tv, from $8.1 million in 1984 to $58,300 in 1985.

The company explains the drop as a sort of down time between shifting the marketing focus from individual to institutional investors. The 3-year-old ad campaign, themed "Minds Over Money," continues to run as does the "Weekly Newsletter" ad, appearing in the *Wall Street Journal* Monday edition. Ad creative and production is via Ira Madris, Bruce Nelson & Colleagues, a subsidiary of McCann-Erickson.

IDS Financial Services' reported net income of $76 million, up 23% on a growth of 40% in revenues. IDS advertising fell 45.5% to $7.2 million in 1985, most of that coming from network tv, which dropped from $11.4 million to $1.1 million in spending. Reed Saunders, senior vp-marketing for IDS, says the company is continuing an umbrella awareness campaign using actor Jason Robards, with tax reform and planning strategies a key theme.

The campaign has been using more print to cover the complex topics in more detail.

In February and March, 1986, IDS ran booklet inserts in news and financial magazines, pulling 75,000 inquiries. Another insert appears in September. Ogilvy & Mather handles. Mr. Saunders places current spending at $7 million.

Besides marking the integration of 1984 acquisitions, Lehman Brothers and IDS Financial Services, into American Express, 1985 saw the company moving away from other businesses. In August, it sold its half interest in Warner Amex Cable Communications to partner Warner Communications for $450 million and assumption of $550 million in debt. The company acknowledged it was a mistake to invest in cable systems. Cable's potential as a distribution channel for financial and travel services never panned out, the company says.

American Express continued to extricate itself from Fireman's Fund Corp. In an initial public stock offering in October, it pared its interest to 41%, and by May had reduced that to 29%. The initial sale brought American Express about $910 million. American Express retained Fireman's Fund American Life Insurance Co., a life and accident-health insurance company, as a part of Travel Related Services.

Renamed AMEX Life Assurance Co., this service has signed on Hal Riney & Partners, San Francisco, as its agency.

Changes in the executive suite included the resignation of Sanford I. Weill as president and his replacement by Louis V. Gerstner Jr. Mr. Gerstner remains chairman and ceo of Travel Related Services.

Aldo Papone, formerly vice-chairman there, moved to president-chief operating officer of Travel Related Services.

On the magazine front, American Express Publishing Co. and Newsweek Inc. entered a joint venture to publish *Travel & Leisure Asia*. Jay Harris became publisher, leaving a position with Newsweek International. In March, Marianne Howatson, previously with the Magazine Publishers Assn., became publisher of *Travel & Leisure*, while James Berrien became publisher of *Food & Wine*, up from associate publisher.

So far in 1986 "the company has clearly stabilized," says Nancy Young, financial services analyst for Cyrus J. Lawrence Inc., New York, who does not expect any more surprises. She cites the Fireman's Fund divestiture as a surprise.

Ms. Young, however, questions American Express' ability to retain its position in credit cards, because of increased competition from bank cards and other credit cards. Travel and entertainment cards are reaching out to consumer markets as shopping cards, while more mass cards are reaching up for travel business. "The distinctions are diminishing," Ms. Young says, adding American Express has adjusted its advertising to portray its cards in shopping situations.

American Express could lose the higher fees individuals pay on green cards as it continues its push to get corporations to issue corporate cards to employes, says Ms. Young, who questions the company's logic that customers will continue to carry both.

Looking ahead to 1986-87 media planning, marketing execs say American Express might make some changes in the mix, reflecting the "buyer's market" in tv and magazine rates.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$33,467	$20,604
Newspaper	14,864	11,481
Newsp. supp.	1,083	905
Bus. pubs.	1,087	419
Network tv	40,448	55,727
Spot tv	19,806	24,033
Network radio	2,980	2,513
Spot radio	5,575	6,133
Outdoor	83	231
Network cable	819	683
Total measured	120,211	122,728
Unmeasured	49,657	50,696
Total	169,868	173,424

AMERICAN EXPRESS CO.
American Express Tower
World Financial Center
New York, N.Y. 10285
(212) 640-2000

TRAVEL RELATED SERVICES
New York

Marketing Personnel

Jerry C. Welsh, exec vp-worldwide mktg & communications
Roger C. Ballou, exec vp-travel mgmt services
Thomas A. Cash, sr vp-FSI mktg/sales
Steven P. Goldstein, sr vp-service establishment mktg/sales
Linda Fayne Levinson, sr vp-vacation, leisure travel-US
Diane Shaib, sr vp-consumer card mktg-US

Advertising Agencies

McCann-Erickson—gold card—Ed Comiskey, exec vp-group dir; Ian Hooper, sr vp-mgmt super. Travel—Linda Boothby, vp-acct super.

Ogilvy & Mather, New York—Brendan Ryan, exec vp-worldwide mgmt super; Shelly Lazarus, sr vp-group dir. Card—Scott Marshall, sr vp-mgmt super. Travelers cheques—Steve Gardner, vp-mgmt super. Corporate card—Patricia Deneroff, vp-mgmt super. Travel related services—Keith Bainbridge, vp-mgmt super.

SHEARSON LEHMAN BROTHERS
New York

Marketing Personnel

Joseph Plumeri, sr exec vp-dir mktg & sales
Cathleen B. Stewart, sr vp-dir consumer mktg & adv
Robert Leo, exec vp-dir natl sales

Corporate Media Buying

Media Placement Services, New York—placement—June Spirer, president.

Advertising Agency

Madris, Nelson & Colleagues, New York—creative and production—Ira Madris, Bruce Nelson, principals.

American Home Products Corp.

RANK **21**

New York

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	4,685	4,485	4.4
Net income	717	682	5.1
U.S.	**1985**	**1984**	**% chg**
Sales	3,637	3,436	5.8
Operating profits	1,002	932	7.5
Advertising	400	413	(3.2)
Division sales	**1985**	**1984**	**% chg**
Prescription drugs	2,524	2,417	4.4
Packaged meds	642	599	7.2
Food, household	1,519	1,470	3.3

Sales at American Home Products Corp., which produces and markets brands ranging from Advil, Anacin and Inderal to Brach's and Chef Boy-Ar-Dee, are expected to improve from an over-all 4.4% growth in 1985 as new prescription drugs and brand extensions reach the market this year.

Improvement started in the first quarter of 1986 when sales hit $1.27 billion, up 4.8% from the prior year period and higher than any quarter in 1985.

AHP, showing marginal growth increases throughout its product segments domestically but flat sales abroad in 1985, had the greatest sales growth from its most heavily advertised segment, packaged medicines, which grew 7.2% worldwide and 9% domestically.

In that group, over-the-counter analgesics gained 18% in sales, led by the ibuprofen-based Advil, which completed its first full year on the market. AHP holds an estimated 6% share of the huge $8.1 billion U.S. nonprescription drug market. Advil, Anacin and Dristan—all from AHP's Whitehall Laboratories division—accounted for $97 million in measured media.

Close to $42 million was spent on the Anacin line, which includes both aspirin-based and acetaminophen-based adult and children's products. Despite the spending on the aspirin-based line of Anacin, which continues

Where Ad Age got its data for this 31st annual report

ADVERTISING AGE's 31st annual ranking of 100 leading national advertisers includes 100 profiles and 16 charts. Profiles list marketing executives, current agencies and account personnel, as well as advertising expenditures, sales and earnings figures, market shares and other data.

Advertising expenditures are for U.S. only and reflect calendar 1985 and 1984. Total estimates include measured and unmeasured spending.

Leading National Advertisers supplies measured expenditures in the following seven media: **Magazine** and **newspaper supplements** as supplied by Publishers Information Bureau; **network tv, spot tv, network radio** and **network cable,** as supplied by Broadcast Advertisers Reports, and **outdoor** as supplied by the Institute of Outdoor Advertising and the Outdoor Advertising Assn. of America.

Other media expenditures listed include **newspaper** as supplied by Media Records, **business publications** as supplied by Rome Reports, **farm publications** as supplied by Agricultural Marketing Information Services (AGRICOM) and **spot radio** as supplied by Radio Advertising Bureau.

PIB monitors 141 consumer magazines and *New York Times Magazine, Parade* and *USA Weekend*. BAR monitors ABC, NBC and CBS tv networks; 319 tv stations in 75 top markets with continuous monitoring in New York, Chicago and Los Angeles; CBN, CNN, ESPN, USA, MTV: Music Television and WTBS cable networks, and 15 radio networks. IOA and OAAA measure gross sales from more than 200 national poster and paint advertising plants in markets of over 100,000 population. Rome Reports monitors about 600 trade and professional publications. Media Records monitors 202 daily and Sunday newspapers.

Measured media expenditures for 1985 and 1984 are restated to reflect corporate structure as of Dec. 31, 1985. Companies acquired prior to that date are included in parent company ad spending for full calendar 1985 and 1984 totals. Likewise, units spun off before the end of calendar 1985 are subtracted.

One exception occurs: General Electric and RCA Corp. are treated as one company because any other editorial treatment ignores the advertising clout of the company as it exists at press time. Also, U.S. Government ad spending figures are supplied by agencies of the federal government rather than measured-media sources.

Unmeasured advertising figures are estimates and include direct mail, promotion, co-op and couponing. AD AGE beat reporters and corporate sources assisted in providing the unmeasured advertising.

Sales and earnings figures are taken from public documents. Where private companies will not divulge this information, an estimate or an "N/A" is used.

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Cover photo: John Bryson, ©The Image Bank
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Vol. 57, No. 47—ADVERTISING AGE (ISSN 0001-8899) is published weekly except semiweekly the fourth week in March and the first week in September at 740 Rush Street, Chicago, Ill. 60611-2591. Second-class postage paid at Chicago and additional mailing offices. Send address changes to ADVERTISING AGE, Circulation Department, 965 E. Jefferson, Detroit, Mich. 48207. Microfilm copies are available from University Microfilms, 300 N. Zeeb Rd., Ann Arbor, Mich. 48103. Microfiche copies are available from Bell & Howell, Micro Photo Division, Old Mansfield Rd., Wooster, O. 44691. $1.50 a copy, $57 a year, $104 two years. Add $89 per year for air delivery to Europe & Middle East. Add $34 for surface mail to all other foreign countries. WILLIAM STRONG, vp-circulation; JOHN HUFFMAN, fulfillment director; DAVE KELLEY, circulation manager. Four weeks' notice required for change of address. Address all subscription correspondence to Circulation Department, Advertising Age, 965 E. Jefferson, Detroit, Mich. 48207 (313) 446-0494.

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Published by Crain Communications Inc.

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Advertising Age, with which is incorporated Advertising Agency Magazine, formerly Advertising & Selling, is published weekly by Crain Communications Inc. at 740 Rush St., Chicago 60611 (312-649-5200). Offices at 220 E. 42nd St., New York 10017 (212-210-0100); National Press Bldg., Washington, D.C. 20045 (202-662-7200); 1400 Woodbridge Ave., Detroit 48207 (313-446-6000); 6404 Wilshire Blvd., Los Angeles 90048 (213-651-3710); 8850 N. Central Expwy., Dallas 75231 (214-692-9744). Chicago Telex number: 687 1241 CRAIN UW. New York cable address: CRAINCOM NYK: Telex 64-0207.

to lead that segment of the analgesics category with a 10-plus share of the market, it suffered a 2 percentage point drop in share. Anacin sales were bolstered by the introduction of coated caplets.

The company spent $35 million in measured media to back Advil, which debuted in 1984, much of that going for a Young & Rubicam campaign. The pills met company expectations for a newly launched consumer product, gaining close to a 5% share of the analgesic market, according to Smith-Barney analyst Adele Haley. Among ibuprofen products, it holds the lead against Bristol-Myer's Nuprin, which Ms. Haley says holds about a 2.5% share.

Billed as the "Advanced medicine for pain," Advil also competes against established analgesics like Johnson & Johnson's acetaminophen-based Tylenol, which dominates the market with its close to 30% share. With the expiration of the ibuprofen patent this fall, competitors like Johnson & Johnson and Sterling Drug are expected to crowd the category with their own ibuprofen clones.

Trendar, a newly formulated version of an ibuprofen-based product for the alleviation of menstrual cramps, was launched nationally in June. Kornhauser & Calene, New York, handles.

Dristan, fighting off a slowly eroding share of market now pegged at 7%, continued to outspend its growing list of competitors in the $800 million cold-remedy market, with close to $20 million in measured media support. In the 1970s, Dristan held a 22% share in the then-as-yet uncrowded category. The segment now is led by Richardson-Vicks' (P&G) Nyquil, with a 12% share, followed by Burroughs Wellcome's Actifed and Sudafed, which together hold a formidable 19% share. Dristan is estimated to remain the No. 1 multi-symptom tablet in the category for year-round use.

Category leaders Preparation H, a hemorrhoidal product, and Primatene, for bronchial asthma, received $11.4 million and $7.3 million in ad support, respectively.

Whitehall Laboratories revamped its marketing strategy for struggling Youth Garde moisturizer in an attempt to gain a foothold on the mass-oriented moisturizer market. Spokeswoman Catherine Deneuve was out at yearend in favor of a health-oriented anti-skin-cancer campaign. Media support totaled $2.7 million, a drop of 37% from the year earlier.

Food & household products, the second biggest ad-supported segment, consists of American Home Foods and Brach candies on the food side—units recording a modest 3% increase in sales—and household products, up 4%.

The bulk of the measured ad spending at American Home Foods went to the Chef Boy-Ar-Dee line of canned pastas. Spending of $18.5 million helped it keep its comfortable lead in its $430 million market, where it has an estimated 50% market share. But canned pasta is a relatively low margin, slow growth product segment. Two line extensions, a Smurf line that complements Chef Boy-Ar-Dee's successful Pac-Man line, debuted in four varieties, while part of the traditional pasta line appeared in a convenient 26-oz. size targeted to "today's smaller families."

If getting to the
right celebrity
has you all turned around,
let us put you straight.
INGELS INC 213-852-0300

The division also targeted the adult market, with its national introduction of the Mamma Leone line of six styles of pasta products in resealable jars. Mamma Leone's estimated $8 million to $10 million campaign was assigned to Young & Rubicam, New York, the agency of record for the Chef Boy-Ar-Dee line.

American Home Foods' entry in the $1 billion popcorn industry, Jiffy Pop popcorn, holds a 16% share of U.S. supermarket sales, along with the American Pop Corn Co.'s Jolly Time popcorn product. Beatrice Foods' Orville Redenbacher popcorn dominates the category with more than 30% of supermarket sales. Jiffy Pop's campaign, measured at $549,000, is directed at the children's market.

American Home Products' second food group, the E.J. Brach & Sons confectionery company, benefited modestly from line extensions, new products, acquisitions and a $6.4 million measured media ad budget.

Pick-A-Mix, Brach's primary merchandising vehicle and the largest such bulk candy, self-service program in the candy industry, introduced Rainbow Bears to capitalize on the popular jelly candy market.

In the packaged chocolate sector, Brach's rolled out Peanut Butter Putters nationally. Last year, Brach's acquired the Gardner Candy Co. of Tyrone, Pa., manufacturer of Peanut Butter Meltaway bar, which Brach's launched last year under the Brach's-Gardner name. A new product development laboratory was completed early this year in Chicago and is now operational.

The household products segment's Boyle-Midway division grew by 4% last year, aided by new products and line extensions, under the leadership of Theodore J. Host, who became the president of Boyle-Midway last year, after serving as vp-marketing at American Home Foods.

A new Woolite cold water wash ad campaign helped push advertising close to $12 million in measured media. Woolite gained in sales and remained the dominant brand in the fine fabric category.

Butter-flavor PAM cooking spray became one of Boyle-Midway's most successful new product launches after a full year on store shelves. The PAM line received nearly $11 million in measured media.

Dry Breezes air and fabric deodorizer also completed its first full year on the market and increased sales, backed by $2.5 million in advertising.

But the biggest new product news occurred in the Black Flag insecticide line. Black Flag holds 20% of the $637 million household insecticide market, a category dominated by S.C. Johnson & Son's Raid line of products, with close to a 50% share.

In May, 1986, Roach Ender was introduced with $15 million in backing and containing the patented chemical, Gencor, which claims to stop roaches from breeding by sterilizing their young and preventing births for four months. The Kornhauser & Calene-inspired print and tv campaign bills Roach Ender as "birth control for roaches."

Black Flag hopes to make inroads into the flea control area, the second largest insect control category, with its newly licensed line of indoor foggers bearing the Holiday name, which the company licensed from the Hills Chemical subsidiary of Colgate-Palmolive.

A pine-scented version of Black Flag ant and roach killer was added. Media spending totaled $4.8 million in 1985 for the Black Flag line.

Easy-Off oven cleaner kept its lead in the oven cleaning category with $4.3 million in measured spending. Sani-Flush holds a 10% share of the $240 million toilet bowl cleaner category, which is dominated by Bristol-Myers' Drackett Co.'s Vanish Bowl Brite, with a 30% share. Sani-Flush was supported by $3.7 million in measured media spending.

AHP's prescription drugs and medical supplies segment, its largest, had a 4.4% sales growth worldwide, although 7% domestically. Two major brands, Wyeth Laboratories' Ativan, a tranquilizer, and Inderal, a cardiovascular product, faced stiff competition from generic substitutes. Sales of the latter were hurt by generic competition in its $3.6 billion cardiovascular market.

Among consumer products in the group, Ayerst Laboratories entered the growing over-the-counter calcium supplement market (in 1985 the market expanded by 50%) with the national debut of Posture, supported by $3 million in spending. Ayerst's Riopan line of antacids was joined by an extra-strength version. The entry was supported by an $8 million media effort.

Wyeth Laboratories' sales were augmented by increased sales of its Ativan tranquilizer product, oral contraceptives, including the new Triphasil, which has the lowest total hormone content of any combination birth control pill currently available, and infant nourishment items.

On Jan. 1, 1986, AHP's Ives Laboratories was merged into Wyeth Laboratories. The merger created the second largest sales force in the industry. Ives markets Sectral, a once-a-day, cardio-selective beta blocker for the treatment of hypertension and arrhythmia. A new drug application for additional use of Sectral in the treatment of angina is expected to be filed soon. In January, 1986, Wyeth received FDA approval for the nonsteroidal, anti-inflammatory drug Orudis, which entered the market in February. Cordarone, an anti-arrhythmic drug, also received FDA approval and was introduced in March.

AHP also entered the U.S. generic drug market by acquiring an 80% controlling interest in Quantum Pharmics Ltd., a private generic drug marketer.

William F. Emswiler was elected corporate vp and treasurer to replace Joseph J. Carr, who was named senior vp of Wyeth Laboratories. John R. Considine became comptroller.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$16,235	$17,862
Newspaper	89	460
Newsp. supp.	18	670
Bus. pubs.	539	338
Network tv	183,394	179,024
Spot tv	20,233	29,274
Network radio	925	2,336
Spot radio	1,283	1,590
Outdoor	3	0
Network cable	4,720	3,352
Total measured	227,438	234,905
Unmeasured	172,078	177,728
Total	399,516	412,633

AMERICAN HOME PRODUCTS CORP.
685 Third Ave.
New York, N.Y. 10017
(212) 878-5000

Corporate Media Buying

John F. Murray Advertising Agency (in-house)—John A. Conti, president; Judith A. Bloedorn, vp/dir-local broadcast, syndication and computer operations; Katie Coke, vp/dir-radio broadcast; Thomas Del Priore, vp/dir-new technology and print; Marianne McArdle, vp/dir-network tv.

AYERST LABORATORIES
New York

Corporate Personnel

Judson St. John, president

Marketing Personnel

Arnold Somin, exec vp-operations
Howard Mosesson, vp-mktg and sales
John Schmitt Jr., asst vp, dir-mktg
Joel W. Last, vp-mktg and sales, consumer prods

Advertising Agencies

Klemtner Advertising, New York—Riopan (ethical), Dermoplast, Premarin, Premarin vaginal cream, Mysoline, Atromid—S, Posture (ethical), Aygestin, Factrel—Gavin A. Scotti, exec vp.

Lally, McFarland & Pantello, New York—Inderal tablets, Inderal LA, Inderide tablets and Inderide LA—Ron Pantello, president.

William Douglas McAdams, New York—Alredase, Ultradol, Antabuse—William F. Wolf, exec vp.

Saatchi & Saatchi Compton, New York—Posture (consumer), Riopan (consumer)—David Basch, exec vp.

BOYLE-MIDWAY
New York

Corporate Personnel

T.J. Host, president

Marketing Personnel

Mark Rothman, sr vp-mktg
Rick Donnelly, vp-category director
Ellen Schapps, vp-services
Ken Lagana, adv dir

Advertising Agencies

Cunningham & Walsh, New York—Antrol, Snarol, Easy-Off mildew stain remover, Easy-Off glass cleaner, Woolite (various prods)—Jim Polizzi, sr vp-mgmt rep; Craig Barnes, vp-acct super.

Kornhauser & Calene, New York—Griffin shoe polish, Black Flag, Depend-O, Old English, Easy-On starch, Zud—Bob Ballerini, exec vp; Chris McClean, vp-acct super.

McCann-Erickson, New York—Sani-Flush (various prods), Woolite Gentle Cycle, Easy-Off oven cleaner, Noxon—Linda Luca, acct super.

Young & Rubicam, New York—Holiday, Pam, Wizard air freshener, Dry Breezes, Gulf Charcoal Lighter—Jordan Stanley, vp-mgmt super.

E.J. BRACH & SONS
Chicago

Corporate Personnel

Ned E. Mitchell, president

Marketing Personnel

Robert D. Hecklau, sr vp-mktg
D. Grady Zehr, asst vp-chocolate prod mktg
Tom Pendergast, asst vp-nonchocolate prod mktg
S.R. Thompson, vp-natl sales
K.G. Hird, vp-special sales
E. Bud Randolph, dir-trade relations
Robert J. Urban, asst vp-mktg

Advertising Agencies

BBDO, Chicago—Harry Ellsworth, vp-mgmt super; Robin Cohen, sr acct exec.

Cunningham & Walsh/BBDM, Chicago—Jim Davidson, vp.

WHITEHALL LABORATORIES
New York

Corporate Personnel

L. Randall Yates, president

Marketing Personnel

Andrew Davis, vp-mktg
Peter Mayer, vp-mktg
G. Prince-vp mktg
Richard Feldheim, adv dir

Advertising Agencies

William Esty Co., New York—Anacin, Maximum Strength Anacin, Compound W, Dristan tablets and capsules, Heet, Momentum, Oxipor, Preparation H, Quiet World, Viro-Med—George Biava, sr vp-mgmt super; Peter Baliant, Tom Perotta, Ed Bauccio, vp-mgmt supers; Deborah Dick-Rath, vp-acct super; Carol DiSanto, acct super.

Kornhauser & Calene, New York—Anacin 3, Children's Anacin 3, Dry and Clear, Denorex Medicated shampoo, Freezone, Outgro, Primatene, Trendar, Youth Garde—Alan Yarnoff, exec vp; Jim Harrigan, Dick Geyer, Martin Bowen, vp-mgmt supers.

McCann-Erickson, New York—Dristan Sprays—Tom Beach, sr vp-group managing dir; Gunnar Wilmot, sr vp-mgmt rep; M. Baxter, acct super.

Young & Rubicam, New York—Advil, Anbesol, Arthritis Pain Formula, Bronitin, Neet, Semicid, Sleep-Eze—Tim Fitzgerald, svp-mgmt super; Jeff Frankum, vp-acct super; Fred Langbecker, vp-acct super.

WYETH LABORATORIES
Radnor, Pa.

Corporate Personnel

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Charles H. Brantley, vp-sales
John T. Spitznagel, vp-mktg
Edward F. Marcoon, dir mktg-natology group
Martin M. Meaney, dir mktg-therapeutics group

Advertising Agencies

F. Scott Kimmich & Co., South Norwalk, Conn.—Wytensin, Sectral, Cordarone, Ativan Injection, Cerubidine—Kevin McIntosh, vp-mgmt super; Ken Begasse, Michael Fiorillo, acct supers; Mary Ellen Elias, acct coordinator.

Klemtner Advertising, New York—Orudis, Synalgos, Ativan Oral, Surmontil—Sander Flaum, sr vp-acct group dir; Greg Gull, vp-acct mgmt; Tony Correia, acct super.

Roberts & Raymond, Philadelphia—Collyrium, Phenergan—Gary See, Michelle Hollenbach, acct supers.

William Douglas McAdams Inc., New York—Tubex, Antacids, Deponit, Isordil, Triphasil, Ovral, Lo/Ovral, Nordette, SMA, Nursoy—Jay Carter, Eileen Giordono, John LaMare, acct execs; Anthony D'Onofrio, exec vp; Paul Nalbandiam, Pat Plonski, acct supers.

FORT DODGE LABORATORIES
Fort Dodge, Ia.

Corporate Personnel

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Marketing Personnel

J. Bixler, vp-sales and mktg
W.E. Ryan, dir-adv

Advertising Agency

Miller-Meister, Minneapolis—Ted

Priebe, exec vp.

AMERICAN HOME FOODS
New York
Corporate Personnel

D.P. Jaicks, president

Marketing Personnel

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K.H. Becker, vp-mktg services
J. Hittson, vp-prod mgmt
J. Neuberger, adv dir
A.J. Soricelli, vp-devel

Advertising Agencies

Cunningham & Walsh, New York—Chef Boy-Ar-Dee pizza mix & sauce, dinners; Crunch 'n Munch, Gulden's mustard, Jiffy Pop popcorn, Luck's beans, Ranch Style beans, new prods—James Polizzi, mgmt rep; Ann Look, Pat Kidd, vp acct supers.

Kornhauser & Calene, New York—Dennison's chili, new prods—S. Turk, exec vp; Glen Greenberg, acct super.

Young & Rubicam, New York—Chef Boy-Ar-Dee canned pastas, Mamma Leone pasta in jars, new prods—Art Klein, exec vp AHPC acct; Jane Brite, mgmt super; Maria Kovachec, acct super.

SHERWOOD MEDICAL CO.
St. Louis
Corporate Personnel

David A. Low, president

Marketing Personnel

Terry Broers, sr vp-genl mgr, intl
Thomas Cekoric, vp-genl mgr, API

Advertising Agency

Frank Block Associates, St. Louis—Sherwood—Robert Brace, acct exec.

American Telephone & Telegraph

RANK **11**

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	34,910	33,187	5.2
Net income	1,557	1,370	13.6
U.S. advertising	521	570	(8.5)

Profitability was short-lived for American Motors Corp., which in 1985 posted a loss for the fifth time in six years, with the modest full-year profit in 1984 marking the only exception to the trend.

AMC made deep cuts in its white-collar work force during 1985 and was able to extract concessions from unionized employes to reduce over-all costs. In an attempt to gain ad efficiencies, the company consolidated advertising at one agency. Saatchi & Saatchi Compton, which had been doing only Jeep advertising, and dropped Grey Advertising, which had handled Renault.

But AMC made no over-all cuts in its marketing spending and also held fast to its five-year, $2 billion new products development program begun in late 1982 that is intended to move the company into new, more profitable market segments.

AMC's share of the 11 million U.S. passenger car market was 1.2% in 1985, down from 2% in 1984 and 2.5% in 1983. Long the No. 4 domestic producer of automobiles, AMC in 1985 fell to No. 5, as American Honda Motor Co., Gardena, Cal., sold 145,976 U.S.-built cars, compared with AMC car sales of 123,449, a 35% decrease from 1984 car sales of 190,255.

AMC subsidiary Jeep Corp. fared better, as U.S. sales increased by 18% to 181,389. Jeep's share of the 1.3 million unit four-wheel-drive utility and recreational vehicle market was 12.9% in 1985, compared with 13.5% in 1984 and 9.9% in 1983. Introduction of Jeep's first two-wheel-drive model in September, 1985, the Comanche compact pickup, resulted in Jeep gaining 0.4% of the two-wheel-drive pickup market for the year.

Worldwide, AMC sold 151,481 automobiles, a 39% decrease from the year earlier. The company sold 240,288 Jeep vehicles, a gain of 24%. Total vehicle sales of 391,769 were down 12%. Sales outside North America accounted for 5% of total dollar sales for the third consecutive year.

AMC's problems on the passenger car side were related to its reliance on the small car segment, which over-all has been shrinking even as it has become more competitive. Small cars made up 22% of the auto market when the Renault Alliance was introduced in the 1983 model year (the Renault Encore was introduced a year later). By the 1986 model year, small cars made up only 17% of the industry.

AMC matched GM, Chrysler and Ford in offering buyer incentives, mostly discount-rate financing, begun by GM in August, 1985, to clear out inventories. Incentives, which have run almost continuously since then, cut into profit margins for all the auto makers, but were especially costly to AMC, which has higher borrowing costs.

During the first quarter of 1986, AMC lost $18.9 million, compared with a loss of $29 million in the same quarter the previous year. Higher sales in the Jeep line combined with the company's cost-cutting program accounted for the narrowing of the loss. North American car sales fell 46.8% during the quarter, to 17,011, while Jeep sales were up 11%, to 53,162.

A search for advertising economies resulted in the September, 1985, selection of Saatchi to handle the full AMC account, not just the estimated $50 million the agency had handled for Jeep. Grey's Renault billings were estimated at $60 million. AMC officials acknowledged that the growing importance of Jeep, at least for the short term, influenced the decision, and they indicated Saatchi would become involved in long-term strategy and promotional work.

Earlier in the year, Saatchi had turned its Southfield office into a full-service agency, while Grey had continued to handle creative in New York. Saatchi doubled the size of its Southfield office to nearly 90 by the end of 1985. David Welch, deputy chairman of London-based Saatchi, was appointed president of the Southfield office effective June, 1986.

Saatchi handled the campaign for the fall, 1985, introduction of the Jeep Comanche, Jeep's first entry in the 2 million unit compact pickup market. With Comanche available in either two or four-wheel-drive, it expanded Jeep's coverage of the light-truck segment to 50%, from 16%.

Comanche was pitched at young males as a macho alternative to buying a small car. AMC spent more than $11.5 million in measured media during the last four months of 1985 to introduce Comanche. That included about $6.4 million in network tv and $4.2 million in magazines.

In January, 1986, the last Jeep CJ—the "Civilian Jeep" descended from the World War II workhorse vehicle—rolled off the line at the Jeep assembly plant in Ohio. It was replaced in May with the new Jeep Wrangler (YJ in Canada), which resembled the CJ in silhouette but actually shared more parts with Jeep's sport utility truck, Cherokee.

AMC spent $6 million in a three-month introductory media blitz for the new Wrangler, featured the vehicle on at least 12 prime-time tv shows and ran sweepstakes tie-ins with Coty-Stetson fragrances, Pennzoil, S&H and Hardee's.

AMC tried to attract attention to its sagging Renault car lines by signing in April, 1986, actor George C. Scott to a 14-month, $1 million contract as spokesman for Encore and Alliance.

During the fall of 1985 and early 1986, AMC was a major sponsor of National Basketball Assn. telecasts on cable superstation WTBS and bought time on CBS' NBA broadcasts. Jeep and Renault were the designated official vehicles of the NBA. AMC will spend more than $6 million during the 1986 season on ABC's "Monday Night Football," getting auto exclusivity for a quarter of playing time for each of 12 telecasts.

Another attempt to gain consideration for Renault will be the introduction in the fall of 1986 of the "pocket rocket" Renault GTA model, with a peppier engine and sports-car-like handling. Volkswagen, with its Golf GTI, and Ford, with its Escort GT, are other marketers that try to boost the image of their small cars with a performance version.

AMC, which does not expect to turn a profit in 1986, will try to finally drive into higher-margin territory with a number of new entries beginning in 1987, starting with the Medallion compact in January, followed three months later by the two-seater Alpine, which will compete against cars such as the Porsche 944. Both will be imported from AMC's French partner, Renault.

In the fall of 1987, AMC will introduce the Renault Premier, a midsize sedan designed for the North American market by Italian stylist Giorgio Giugiaro. It will be followed a year later by a coupe version of the car, with both to be built in AMC's new $675 million plant in Bramalea, Ont.

Closer to home, AMC announced in July, 1986, an agreement with Chrysler Corp., the No. 3 U.S. auto maker, in which AMC will assemble large, rear-wheel-drive cars for Chrysler at its Kenosha, Wis., assembly plant beginning in February, 1987.

Regie Nationale des Usines Renault of France owns 46.1% of AMC. With Renault losing $1.5 billion in 1985, the company continued to be under pressure from French union leaders and others to sever its connection with AMC. Those ties seemed to be reaffirmed, however, by personnel moves made by Renault.

In December, 1985, Renault's No. 2 man, Pierre Semerena, was named AMC chairman, succeeding Paul Tippett, who had left the post to become president of Springs Industries, Fort Mill, S.C. Further bonding occurred in January, 1986, when AMC president-ceo Jose Dedeurwaerder was named Renault exec vp in charge of both worldwide sales and marketing and also manufacturing operations outside of France and Belgium. That left Joseph Cappy, who had been promoted in December from exec vp to chief operating officer, in charge of AMC's day-to-day operations.

In March, 1986, Mr. Dedeurwaerder became vice-chairman of AMC, and Mr. Cappy moved to president-ceo.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$ 23,888	$21,880
Newspaper	9,902	7,572
Newsp. supp.	294	0
Bus. pubs.	384	590
Network tv	52,690	56,622
Spot tv	3,701	6,074
Spot radio	1,489	1,206
Outdoor	217	746
Network cable	1,708	573
Total measured	94,274	95,262
Unmeasured	31,727	32,059
Total	126,000	127,321

AMERICAN MOTORS CORP.
27777 Franklin Rd.
Southfield, Mich. 48034
(313) 827-1000
Marketing Personnel

Peter G. Guptill, group vp, North American sales & mktg
David L. Kerr, dir-adv
Robert F. Donovan, dir-mktg services & merch
James L. Cherfoli, mgr-mktg services
Thomas L. Draur, mgr-Jeep adv
Marvin H. Klein, mgr-Renault adv
Robert G. Wildberger, mgr-media budgets
James D. Rader, mgr-dealer adv

Advertising Agency

Saatchi & Saatchi Compton, Southfield, Mich.—David Welch, president; David J. Van Peursem, sr vp-mgmt dir; Michael Vogel, sr vp-mgmt dir-Renault;Kenneth Campbell, vp-mgmt super; Mark Liska, Walter Dunne, vp-acct supers.

American Motors Corp.

RANK **65**

Southfield, Mich.

($ in millions)

Worldwide	1985	1984	% chg
Sales	4,040	4,215	(4.2)
Net income	(125)	15	(936.1)
U.S. advertising	126	127	(1.0)

American Telephone & Telegraph Co. set out to prove it was "The Right Choice" in 1985, its second full year of operations after divestiture.

AT&T puts its advertising costs at $695.9 million worldwide in 1985, down 9%. The reported figure includes all spending for media, research, agency work and salaries. The AD AGE estimate of $521.3 million in the U.S., is down 8.5% frm spending in 1984.

The single largest measured spending cutback was in corporate advertising, falling 42% to $40.9 million in 1985, with network tv, now 55% of the expenditure, dropping off $29 million from 1984 levels. Magazines, representing 24% of the 1985 total, fell by $4.6 million.

AT&T shifted away from corporate identity themes in 1985 after intensive spending in 1984 to establish the AT&T brand name following the breakup of the Bell system Jan. 1, 1984, analysts say. But AT&T's corporate campaign continued 1984 themes, stressing AT&T's commitment to quality, reliability and service in telephones, information and network systems, long-distance service and computers. The ads conclude with the corporate ad theme adopted in April, 1985, "AT&T: The Right Choice."

AT&T's biggest push in 1985 was to persuade residential and business customers to choose AT&T as their primary carrier in the $50 billion long-distance services market, which accounted for 46% of AT&T's 1985 revenues, up 1%. The three-year process of converting local telephone company connections to equal access for all long-distance carriers ends this September. However, nearly 30% of all local connections remain to be converted either because of old equipment or because AT&T does not own a majority share of the local company.

AT&T boosted measured spending for AT&T Communications long-distance service 12.7% to $191.1 million in 1985, using ads featuring actor Cliff Robertson, judged ADVERTISING AGE's star presenter for the year. This category alone accounted for nearly 50% of AT&T's total measured media.

Heading the category was $118.7 million in measured media promoting consumer long-distance, accounting for 31% of AT&T's total measured media in 1985 and representing a 5% spending level increase from 1984. Spending was divided 67% network tv, 18% magazine and 8% network radio, 4% spot tv, and 3% other media.

Business long-distance service was targeted with $47 million, up 74% from 1984. Some 62% was in network tv. International long-distance spending grew 126% to $24.9 million, divided into 60% spot tv and 40% magazine.

The advantage AT&T had in gaining equal access connections by default was struck down in June, 1985, by an FCC ruling that customers who fail to select a long-distance carrier would have one assigned for them at random. Previously, those failing to indicate a choice automatically were assigned to AT&T.

Predictably, AT&T's market share in long-distance service fell to 83% in 1985 on approximate revenues of $37.7 billion, from an 85% share in 1984 on revenues of $35 billion, according to the U.S. Telecommunications Market Report, issued by New York-based Northern Business Information. Moving up were the combined operations of Washington-based MCI Communications and Satellite Business Systems, which MCI bought in June, 1985, from IBM.

Market share for the combo increased to 6.6% in 1985, from a share of 5.5% in 1984, on revenues of $3 billion, up 33%.

Kansas City, Mo.-based U.S. Sprint gained slightly to 3% of the market in 1985, up from 2.9% in 1984, on revenues of $1.36 billion, up 13%. However, U.S. Sprint may account for up to 4% of long-distance business, following the July 1, 1986, merger between GTE/Sprint, owned by Stamford, Conn.-based GTE Corp., and U.S. Telecom, owned by United Telecommunications, Kansas City, the No. 3 and No. 5 carriers, respectively. Combined revenues for U.S. Sprint are $1.8 billion. All other long-distance carriers combined represent 4% to 7% of the market, says William Rich, analyst with Northern.

As equal access selection draws to a close, AT&T is changing its advertising focus to stimulating the use of long-distance lines, says Kim Armstrong, ad director for AT&T Communications in Basking Ridge, N.J. In May, 1986, AT&T began airing "Reach out and touch" tv commercials, a campaign that had been shelved two years ago.

AT&T also took aim at lower-priced competitors with $2 billion in rate cuts effective June 1, 1986. If the full reductions are approved by the FCC, prices for direct dialed calls will be 21% lower than on Jan. 1, 1984, when the company shed the seven regional Bell operating companies.

There is no denying that AT&T has been effective in keeping the lion's share of long-distance service, says Glenn Pafumi, first vp-research, Dean Witter Reynolds, New York. "In fact, AT&T may be doing too well and is squeezing out some of the smaller competitors," he says.

Since the early 1980s, long-distance carriers have offered rates 15% to 20% below AT&T's because AT&T was paying higher access charges for better quality connections with regional Bell operating companies (RBOCs), says Gerald Mayfield, president, DMW Group. These access charges can represent up to 20 cents for a minute of long-distance time that costs the consumer 30 cents, Mr. Mayfield says. Although the fees differ with each RBOC, "you're talking about a big savings in gross margins for AT&T's competitors," Mr. Mayfield says.

As the competitors gain better connections through equal access, their costs rise dramatically, Mr. Mayfield says. "Now they'll have better quality service, but their margins are gone." As a consequence, the market is becoming tight.

AT&T in May named James E. Olson to succeed the retiring Charles L. Brown as chairman-ceo and elected Robert E. Allen to replace Mr. Olson as president.

Three new vice-chairmen also were appointed, effective Sept. 1. Randall L. Tobias was named vice-chairman for the newly combined AT&T Information Systems and AT&T Communications long-distance unit. Also named vice-chairmen were Charles Marshall, in charge of external affairs, and Morris Tanenbaum, who oversees financial and strategic planning.

The Sept. 1 combination of Information Systems with AT&T Communications—permitted in a September, 1985, FCC ruling—is designed to help AT&T develop a cohesive strategy in marketing products and services, including long-distance telephone services and computers as part of data networks, rather than as stand-alone machines. Under the new structure, the 92,000 Information Systems employes will be combined with 118,000 AT&T Communications employes in a new organization with four group presidents.

The four presidents and their groups: Sam Willcoxon, Business Markets Group, which will have more than 33,000 employes and account for 50% of AT&T's total revenues and profits; Victor A. Pelson, General Markets Group, with nearly 72,000 employes selling long-distance services and equipment to small businesses and consumers, and servicing equipment for all customers; and W. Frank Blount, who already is in charge of AT&T's long-distance telephone network; and a president yet to-be-named for the Special Markets group, with about 200 employes involved in planning, joint ventures and joint marketing projects.

Analysts are positive about the restructure, given AT&T's success in its core long-distance business, and the prospect that AT&T can improve sales in its troubled Information Systems division.

AT&T still has some soft spots. Sales of personal computers, for example, fell flat in 1985, despite the October, 1985, introduction of its first IBM-compatible, the PC 6300 Plus. JoeAnn Stahel, analyst with Store-Board Inc., Dallas, says AT&T's market share in revenues of the $6.5 billion personal computer market increased to 3.7% in the first six months of 1986 from 2.5% in 1985, but unit sales and revenues crashed in April, 1986. AT&T's share of unit sales for the month dropped to 2.1% and revenues to 1.8% from a steady 5.1% for both in the first quarter, she says.

Convergent Technologies, the San Jose, Cal.-based supplier for AT&T's Information Systems division, reported in May, 1986, that computer shipments to AT&T declined 30% in the second quarter and will fall even more through yearend. Analysts say it is further evidence that AT&T's non-IBM compatible UNIX computer has flopped in the marketplace.

"AT&T isn't doing well in computers, but who is?" says Dean Witter's Mr. Pafumi, who faults AT&T for not acquiring small computer makers to buy market share. "The problem with AT&T is their own pigheadedness that they can do it better by themselves," he says.

Measured media for AT&T computer systems totaled $14.9 million, 92% of which was for network tv, 8% magazine. Introduction of the PC 6300 accounted for an additional $1.6 million in measured media in 1985. Measured spending on computers dropped 24% from 1984.

DMW's Mr. Close says AT&T is making a resurgence in business and consumer products for information movement and management, and it will come on strong in late 1986 and early 1987. Although AT&T was late to market with its central office switch, losing millions in sales to Northern Telecom, the U.S.-based subsidiary of the Canadian telecommunications equipment manufacturer, and AT&T took a beating in the early 1980s on PBX systems, AT&T's new switching systems are selling so well the company recently had backlogs on spare parts.

But even in the market for large switching systems, AT&T is increasingly being challenged. Martin Marietta Corp. in late July formed a coalition with Northern Telecom and the seven RBOCs in a bid to win the $4.5 billion, 10-year Federal Telecommunications System 2000 contract from the federal government. AT&T holds the current contract. The General Services Administration announced in February, 1985, that it was looking for a new system, which provides telecommunications service to 1.3 million federal telephone users in 50 states.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$88,137	$79,830
Newspaper	57,210	58,200
Newsp. supp.	4,990	2,874
Bus. pubs.	18,580	3,119
Network tv	167,728	253,117
Spot tv	29,700	17,236
Network radio	24,853	16,344
Spot radio	7,362	5,681
Outdoor	126	44
Network cable	3,696	3,457
Total measured	402,380	439,901
Unmeasured	118,938	130,028
Total	521,318	569,930

AMERICAN TELEPHONE
& TELEGRAPH CO.
195 Broadway
New York, N.Y. 10007
(212) 644-1000

Corporate Personnel

J.R. Byrne, dist mgr
J.D. Speros, dist mgr
L.B. Urben, dist mgr
A.M. Winters, dist mgr
J.L. Brunson, corp vp

Marketing Personnel

R.W. Watson, corp media dir
R.J. Martin, corp adv mgr
R.Z. Manna, corp adv mgr

Advertising Agencies

N W Ayer, New York—Tom Maxey, exec vp; Hap Stoner, sr vp; Jack Quigley, vp-acct super; Ted Kolota, Austin Patrick, sr acct execs; Peggy Gordon, acct super; Nancy Ryan, acct exec.

UniWorld Group, New York—corp adv directed to minorities—Linda Dukette, vp-acct super; Herman Morales, sr vp-genl mgr.

AT&T COMMUNICATIONS

Marketing Personnel

Kim Armstrong, adv dir

Advertising Agencies

N W Ayer, New York—residence, AT&T long distance, certificates, residential calling—Fred McClafferty, sr vp.

McCann-Erickson, New York—business services—Tom Driscoll, sr vp.

Young & Rubicam, New York—intl business & residence, public sector card caller & calling card—Mort Lowenstein, sr vp.

AT&T TECHNOLOGIES

Marketing Personnel

Mike Neavill, adv mgr

Advertising Agency

Foote, Cone & Belding, New York—network systems, electronic components, federal assistance—Abe Jones, president-ceo; Jim Bernegger, vp-mgmt dir; Gary Bahl, vp; Fidel Plantilla, vp-acct dir; Pat Prugno, acct exec.

AT&T INFORMATION SYSTEMS

Marketing Personnel

Richard Draper, adv dir

Advertising Agency

Ogilvy & Mather, New York—Kelly O'Dea, sr vp; Cynthia Round, Gary Gigot, vps-mgmt supers; Mary Gael Senko, Doreen Yat, McKelden Smith, vps-acct supers; Martha Gibson, acct super.

AT&T CONSUMER PRODUCTS

Marketing Personnel

Lee Blitch, adv mgr

Advertising Agency

N W Ayer, New York—Ruth Salevouris, sr vp; Lee Rubin, Dick May, vps-mgmt supers; Jack Rahyer, Linda Stack, Alison Danis, acct supers-sales & lease of prods to consumers, PhoneCenter Stores.

AMR Corp.

RANK
81

Dallas

($ in millions)

Worldwide	1985	1984	% chg
Sales	6,131	5,354	14.5
Net income	346	234	47.8
U.S. advertising	105	95	11.0
Division sales	**1985**	**1984**	**% chg**
Passenger	4,986	4,336	15.0
Other	1,145	1,018	12.5

AMR Corp. maintained the same advertising spending levels in 1985 as the previous years while recording substantial improvement in virtually all financial returns, especially from its principal subsidiary, American Airlines.

American Airlines reported revenue passenger miles of 44.1 billion, up 20.3% from the previous year, and a passenger load factor of 64.6%, up 2.0% from 1984. At the same time, American was able to reduce its operating expenses per available seat mile to 7.83 cents from 8.09 cents.

American remained the nation's second largest airline, behind only United Airlines. American's market share hovered around 11.6%, compared with United's 13.6%.

However if Texas Air (No. 7 with about 3.5%) acquires Eastern Air Lines (No. 3 with about 11%) it would drop the parent companies of United and American to No. 2 and No. 3 among airline companies. Texas Air is currently comprised of Continental Airlines and New York Air.

AMR chairman and president Robert L. Crandall attributed 1985's performance to continued efforts to lower the company's costs while maximizing productivity of all AMR units. Figures for 1985 also were affected positively by the swell of traffic that came to American Airlines during a second-quarter strike against United. An indication of that crossover effect was the financial performance of the airline during the second quarter ended June 30, 1986. AMR reported net earnings of $128.2 million on total operating revenues of $1.5 billion for the period, a drop of 26.3% in earnings on revenues that fell 10.1%, compared with the previous year's second quarter.

First-half net earnings were $132.4 million, down 43.5% from the first half of 1985. Total operating revenues in the first half were $2.9 billion, down 3.5% from the comparable 1985 period. Over-all operating income for the first half, though, fell 62.3% to $138.3 million, reflecting continued competitive pressures in the industry.

During the first half, American's available seat miles grew 10.5% over the year-earlier period, but the load factor dropped 1.1 percentage points to 66.1%. Thomas G. Plaskett, American's senior vp-marketing, attributed the decline in traffic to year-to-year comparisons artificially exaggerated by the impact of the strike against United.

According to First Boston Corp., American Airlines was one of only two airlines to make a net income gain the first quarter of 1986 (Continental was the other), and American and Western Airlines were the only two carriers reporting a first-quarter operating profit.

AMR Corp., in January, 1986, sold its Flagship International Inc. subsidiary, which operates the Sky Chefs foodservice unit, to Onex Capital Corp., Toronto. Terms were not disclosed. Also, the company, in June, 1986, sold its AMR Energy Corp. subsidiary to a wholly owned subsidiary of Total Petroleum Ltd. Terms of that transaction were not disclosed.

On Jan. 1, 1986, AMR formed American Airlines Direct Marketing Corp. as a subsidiary of the airline. The new unit was projected to have 1986 revenues of about $50 million derived from the company's telemarketing and direct mail operations. Divisions within the subsidiary include American Airlines Telemarketing Services and American Traveler Merchandising. The latter publishes American's inflight catalog and is developing other direct mail programs.

AMR formed AMR Information Services Corp. in April, 1986, to oversee the company's expansion and acquisitions in the information processing field. The heart of the new subsidiary is the company's SABRE computer system. The new subsidiary signed a five-year contract in July, 1986, to provide a computerized reservations system for Dallas-based Southwest Airlines and its subsidiary, TranStar Airlines, beginning in the fall.

AA Magazine Publications, a newly organized unit of American Airlines, shifted responsibility for ad sales of *American Way* inflight magazine to a new in-house sales organization (as of Sept. 21, 1986). Previously, ad sales were handled by Communications International. The new publishing division in March began publication of Private Clubs, a 200,000-circulation magazine for members of the nearly 200 private clubs operated by Club Corporation of America.

During 1985, American Airlines introduced an ad campaign targeted to business travelers whose business comprises the bulk of American's revenues. Creative was by Bozell, Jacobs, Kenyon & Eckhardt/Southwest, Dallas.

After the campaign broke in the fall of 1985, 15.4% of consumers, when asked to name the first airline advertising to come to mind from the previous month, named American's ads. The campaign led ADVERTISING AGE's monthly adWatch survey in October, 1985.

American added new print ads and tv spots in July, 1986, extending the emotionally oriented business campaign.

American, in October, 1985, named Doyle Dane Bernbach, New York, to handle its estimated $2 million-plus international account previously at TBWA, New York, and Woodyer, Hudson & Chapman, London.

The airline in early 1985 extended membership in its AAdvantage frequent-flier program to senior citizens through the Senior Savers Club. Membership offers a 10% discount on any American fare, plus additional benefits.

Direct marketing for AAdvantage, formerly handled in-house, was assigned to Young & Rubicam's Wunderman, Ricotta & Kline subsidiary, New York.

While AMR was diversifying to boost productivity and profits in 1985 and 1986, the company announced three new hubs—Nashville, Raleigh/Durham and San Juan—to add more than 20 cities to American's route system and as many as 346 daily departures. American continued its expansion at Dallas-Fort Worth Airport and at Chicago's O'Hare. The Nashville hub opened in 1986; the Raleigh/Durham and San Juan hubs are set to open in 1987.

American Eagle, the franchise arrangement between American and certain commuter airlines, completed its first year during 1985 with five carriers operating 482 daily departures to more than 53 destinations. Three additional carriers were set to join the American Eagle network by mid-1986.

American's SABRE computerized reservations system assumed a new role with introduction of a program for linking the system to home computers. Telemarketing activities, stemming from the availability of SABRE computer time, contributed $29 million in revenues in 1985, $4.7 million more than in the previous year.

To sustain the announced route expansion, American purchased 23 McDonnell Douglas Super 80s in 1985. Subsequently, American exercised options on 20 more of the aircraft. The airline took delivery of five new Boeing 767s and refurbished 120 existing aircraft.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$2,717	$4,077
Newspaper	19,534	13,496
Bus. pubs.	723	696
Network tv	23,008	22,273
Spot tv	16,281	16,632
Network radio	461	0
Spot radio	14,217	11,994
Outdoor	80	341
Network cable	190	20
Total measured	77,210	69,529
Unmeasured	28,202	25,396
Total	105,412	94,925

AMR CORP.
P.O. Box 61616
Dallas-Fort Worth Airport,
Tex. 75261
(817) 355-1234

Marketing Personnel

Thomas G. Plaskett, sr vp-mktg
Michael W. Gunn, sr vp-passenger mktg
Ann W. Smits, asst vp-adv

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt/Southwest, Dallas—domestic passenger & freight—Paul Gold, exec vp-dir client services; Thomas Hooke, sr vp-group acct dir; George E. Landis, vp-acct super.

Bozell, Jacobs, Kenyon & Eckhardt—Canadian adv—Charles M. King, exec vp-sr acct super.

Doyle Dane Bernbach (Omnicom), New York—European adv—Dennis P. Byrnes, sr vp; Tony Hagar, vp.

Premier Maldonado & Associates—Caribbean & domestic Hispanic adv—Franco Sotomayor Jr., president; Jaime Ramirez, acct exec.

Anheuser-Busch Cos.

RANK
10

St. Louis

($ in millions)

Worldwide	1985	1984	% chg
Sales	7,683	7,158	7.3
Net income	444	392	13.3
U.S. advertising	523	507	3.0
Division sales	**1985**	**1984**	**% chg**
Beer, beer-related	5,413	5,002	8.2
Food products	1,416	1,344	5.4
Divers. operations	190	170	11.8

Anheuser-Busch Cos. refused to rest on its laurels in 1985. Despite a comfortable—and growing—lead over its competitors, A-B made a number of significant moves, adding new beer brands, expanding into new beverage categories and changing advertising

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Perspectives from an ANA director

A speakers bureau could be beneficial

Kim McIver Armstrong, director of Long Distance and International Advertising for AT&T Communications, says she has observed more emphasis by the Assn. of National Advertisers on business-to-business advertising. She also believes the association has a more active voice in general on advertising issues. She recommends that an ANA speakers bureau be formed.

Ms. Armstrong, who is a member of the ANA executive committee and the advertising management standing committee, says, "Traditionally, ANA had the reputation of a consumer organization. In recent years, an effort has been made to put greater emphasis on business-to-business advertising. I think we have made wonderful progress and will continue to.

"One important goal of the group is to be an active voice on behalf of the advertiser point of view. We act as a source, a network on evolving issues . . . . With the pressures advertisers are feeling today, we must draw on every source we have. We are concerned with maintaining the quality of seminars and workshops. We are very interested in taking an active role in matters of legislation on behalf of client-advertisers."

On the issue of more companies bringing media-buying in-house, Ms. Armstrong says, "While we don't contemplate such a move here at AT&T, from the ANA standpoint, I think it [ANA] can act as a catalyst to introspection and can assemble case histories and offer information on the pitfalls and benefits [for those contemplating such a move]."

She says that while the ANA plays an important educational and informational role, "One thing we have not done that might be helpful is to have a speakers bureau. Around the country, people with experience could be made available."

Kim McIver Armstrong
AT&T Communications

In terms of the increased diversion of traditional media dollars into nonmedia promotions, co-ops and trade deals, the Michigan State University graduate says, "I think the pressures on advertising as a result of changing business conditions are causing us to take different kinds of risks. The days are long over that threw advertising dollars at a problem to solve it. There are lots of implications. I think advertisers are looking for ways to do things more efficiently and effectively. We're all scrambling."

She says she has noted the increased segmentation of marketing and regional targeting.

"It's certainly true in my field. Overall, we are not doing things the same way we once did. We are using nontraditional approaches. In earlier times, pressures were not as severe on profits. There was more time to experiment. Now the pressures on businesses are causing a shorter rollout time."

Ms. Armstrong is volunteer coordinator of the Advertising Council campaign on Understanding Mental Illness and serves on the Board of Directors of the Ad Council and the International Advertising Assn. Also, she is a member of the advisory board for the Children's Express, the national children's news organization.

strategies and agency assignments for several existing products.

Beer and beer-related products continue to account for more than two-thirds of A-B's sales, reporting net sales of $5.412 billion in 1985, or 77% of consolidated net sales of $7 billion. A-B barrelage sales increased 6.3% to 68 million bbls. in 1985 from 64 million the previous year, while the domestic brewing industry as a whole was up less than 1%.

With beer consumption flat, A-B's barrelage growth has come primarily at the expense of competitors. The company estimates it accounted for 36.6% of domestic beer sales in 1985, a gain of two percentage points over its 1984 share, and has set a corporate goal of attaining a 40% share by the end of the decade. No one in the brewing industry is inclined to bet against its achieving that mark. A-B's closest rival, Milwaukee-based Miller Brewing Co. unit of Philip Morris, reported sales of 37 million bbls., down from 37.5 million in 1984. Miller's second-ranking market share remained at about 20%.

New-product introductions and expansion into nonbeer categories helped buoy A-B's over-all sales, but the company also worked to ensure that its core brands maintained or improved their sales levels.

Few single products are as important to any multibrand giant as Budweiser is to A-B. More than 45 million bbls. of Budweiser were sold in 1985, making it more than just the largest-selling U.S. beer. Bud accounted for two-thirds of A-B's beer production and about one-fourth of the domestic beer market. Bud's sales are almost equal to the barrelage sales of No. 2 brand Miller Lite, No. 3 Miller High Life, No. 4 Coors and No. 8 Coors Light.

A-B has been unwilling to tinker too dramatically with its marketing strategy for Budweiser, but has fine tuned a positioning that has worked well. In a reworking of its advertising's tradition of "saluting" the nation's work force, Budweiser's ad theme was changed to "You make America work, and this Bud's for you" from "For all you do, this Bud's for you." That may seem a minor change, but for a brand as successful as Budweiser, any changes become significant.

Measured-media advertising and promotional spending for Budweiser topped $80 million in 1985, maintaining the brand's distinction as the most heavily advertised beer in the U.S. Bud also accounted for 25% of total A-B measured advertising of $315.3 million.

The bulk of Budweiser tv advertising time continues to be bought during sporting events. To that end, the brewer in 1985 signed a new five-year sponsorship agreement with sports cable network ESPN. A-B spent $16.4 million on cable tv advertising in 1985, much of it on ESPN.

One of A-B's more innovative buys came during the 1986 World Cup soccer championship that NBC broadcast live from Mexico. Recognizing that play rarely is stopped during a soccer match, A-B arranged for the Budweiser logo and label to frame the tv picture for 30-second periods rather than break away from the action. A-B reportedly is seeking similar sponsorships during other sports broadcasts.

Bud Light, introduced as Budweiser Light in 1981, continued to show strong sales growth, increasing to an estimated 5 million bbls. in 1985 from 4.2 million the previous year. That increase came despite a nearly 15% reduction in measured ad spending for the brand from $56 million in 1984 to $47.7 million.

Bud Light has been helped by the over-all growth of the light-beer segment and by the popularity of the "Gimme a light . . . No, Bud Light" campaign from Needham Harper Worldwide, Chicago. Initially planned as a short-term campaign to boost on-premise bar calls for the brand, the campaign now has become the brand's signature.

Michelob, A-B's second-best seller, did not fare as well as Bud in 1985, and the brewer has made more substantial marketing changes. Michelob barrelage dropped nearly 5% to an estimated 6 million bbls. from 6.3 million in 1984. That sales slide has continued since the brand peaked at 7.5 million bbls. in 1981, and it mirrors the declining share of the U.S. beer market held by superpremium (priced above premiums such as Budweiser) brands. Sales of Michelob and other superpremiums have been hurt by the rising popularity of imported beers. Michelob Light, however, has managed to keep its sales steady at about 2.5 million bbls. for the past few years.

In July, 1984, A-B had split the Michelob/Michelob Light advertising assignment, previously consolidated at D'Arcy Masius Benton & Bowles, St. Louis. Michelob and Michelob Classic Dark (put into national distribution in 1985) were given to Ted Bates Advertising/New York; Michelob Light went to Needham, Chicago. Bates' campaign, themed "Where you're going it's Michelob" and unabashedly targeting young, upwardly mobile men and women, immediately was assailed by many in the ad community as the "ultimate yuppie appeal." Worse, it failed to slow erosion of Michelob's sales.

In November, 1985, A-B once again began reviewing the account. All three parts of the account were reunited at a single agency—Needham—in June, 1986. Needham's initial creative, which it presented during the review, uses the theme "The night belongs to Michelob" and the music and voice of British singer Phil Collins.

Measured-media spending for the superpremium line was $38 million for Michelob (up slightly from $35.5 million in 1984); $25 million for Michelob Light, and $3.9 million for Michelob Dark (compared with only $325,000 the previous year).

A-B's popular-price brands, Busch and Natural Light, continued to provide strong backup support for Budweiser and Bud Light and continued to grow. Busch especially strengthened its position, with sales rising 15% to an estimated 5.3 million bbls. from 4.6 million in 1984, putting it among the top 10 domestic brands.

While A-B has worked hard to promote Bud Light as an on-premise brand, Natural Light continues to be positioned as the choice for at-home consumption. Natural Light barrelage was about 1.7 million bbls. in 1985, up slightly from 1984's estimated 1.6 million.

Low-alcohol beers continue to draw limited interest from the beer-drinking public, but A-B has not given up on its entry, L.A. A-B shocked the brewing industry by spending $23.7 million on introductory advertising for the brand in 1984. Last year that budget was reduced to $17.2 million, still a high figure for a brand with sales analysts' estimate at only 400,000 bbls. The apparent strategy is to ensure that L.A. maintains its status as the leading domestic low-alcohol brand should that category ever catch on.

To oversee purchase of national broadcast media time for all Anheuser-Busch brands, the company in November, 1985, formed a new subsidiary, the Busch Media Group. It handles network tv and network radio buying, an assignment previously handled by national agency of record DMB&B, which retains responsibility for buying all local radio, local broadcast sports sponsorships, corporate print, stadium signage and outdoor advertising.

That subsidiary's role will gain in importance as A-B expands nationally with the various new products in its brand stable. In addition to Michelob Classic Dark beer, the brewer in 1985 also moved its King Cobra malt liquor into national distribution.

King Cobra represents A-B's return to the malt liquor category, which it left in the late 1970s after the failure of Budweiser Malt Liquor. Advertising for King Cobra is handled by the J.P. Martin agency, a black-owned shop in New York. Measured-media spending in 1985 was about $1 million.

Two other areas—snack foods and wine—in which A-B has maintained a low-profile interest for several years moved more outfront in 1985. The Eagle Snacks line, begun as a tavern complement to A-B beers, began to move into national distribution. Eagle honey roasted nuts became the first to receive network tv support. In total, A-B spent $3.9 million in measured-media advertising for the line and has begun test-marketing the snacks in Canada and Japan.

Over the past two years, A-B has been expanding distribution of its Master Cellar wines, which it sells only in taverns. By mid-1986, the line was available in 38 states in all areas of the country.

A-B also has become a serious player in the wine cooler market. Its first entry was Baybry's champagne cooler, a champagne-based beverage introduced into West Coast test markets in November, 1985.

The product's sales have been disappointing, and it has not been expanded to additional markets. Company officials admit that Baybry's higher price—about $5.50 for a four-bottle pack—has hindered trial.

A second entry may meet with more success. Dewey Stevens Premium Light, introduced in June, 1986, is wine based like most other coolers and carries a competitive price.

As a point of difference, Dewey Stevens is being promoted as having one-third fewer calories than other major brands (it also has less alcohol, although that difference is not being highlighted). A-B expected to have the product in all major markets by summer's end.

Responsibility for wines and wine coolers has been given to a new operating unit, Anheuser-Busch Beverage Group, which now directs marketing for all beverages other than beers.

That also includes bottled water, a market in which A-B is determined to become a major factor. In November, 1985, the brewer acquired Saratoga Springs, N.Y.-based Saratoga Springs Co., which sells bottled mineral water on the East Coast. Four months later, A-B moved to the other coast, buying Santa Rosa, Cal.-based Sante Mineral Waters. Ad responsibility for both brands was given to Bloom Agency, Dallas, which also handles both cooler products.

A-B also hired San Francisco-based agency Hal Riney & Partners away from G. Heileman Brewing Co. to handle new products and corporate advertising.

Being the nation's largest beer producer is not enough. A-B also wants to become a major beer importer. Its first import deal, signed in late 1985, brought it U.S. rights for Danish Carlsberg beer and Elephant malt liquor, and the company is believed to be seeking additional import agreements.

A-B also has focused corporate attention on rejuvenating Campbell Taggart, the Dallas-based diversified food-products company it acquired in 1982. Net sales for the company's food-products division, of which CT is the largest part, were $1.416 billion in 1985, up 5.4% from 1984.

New products were added in CT's bakery division, which accounted for 72% of the subsidiary's sales. These included the Family Recipes bread line, the Sandwich Croissant line (under the regional Rainbo, Colonial and Kilpatrick's labels), Brown and Serve French bread (under the International Hearth and Earth Grains labels) and Roman Meal Light breads.

CT last year reintroduced a reformulated line of frozen Mexican foods under its El Charrito brand, comprising 25 different items.

Measured-media spending for brands in the food-products division was $1.3 million for the Earth Grains line, $1.7 million for El Charrito, $750,000 for Rainbo bakery items and $224,000 for the Grant's Farm line.

A new element in the diversified-operations division was Seattle-based Exploration Cruise Lines, acquired by Busch Entertainment Corp. in 1985.

BEC's theme parks reported increased revenues for 1985. Attendance at Busch Gardens (The Old Country) in Williamsburg, Va., was up 4.5% to 2.05 million. The number of visitors to Busch Gardens (The Dark Continent) in Tampa, Fla., was up slightly at 2.9 million. At the Sesame Place children's park outside Philadelphia, attendance rose 2.1%.

An attendance record of 2.6 million (300,000 above the previous high) was set by A-B-owned St. Louis Cardinals National Baseball Club, which represented the National League in the 1985 World Series. It was defeated four games to three by cross-state rival Kansas City Royals.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$13,956	$7,536
Newspaper	5,611	6,868
Newsp. supp.	327	0
Bus. pubs.	724	287
Network tv	154,503	166,416
Spot tv	70,747	60,070
Network radio	8,929	6,231
Spot radio	39,713	38,288
Outdoor	5,105	5,514
Network cable	16,395	15,478
Total measured	316,011	306,688
Unmeasured	206,889	200,786
Total	522,900	507,474

ANHEUSER-BUSCH COS.
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Corporate Personnel

Michael Roarty, exec vp

Marketing Personnel

Jack McDonough, vp-brand mgmt
Charles Fruit, vp-coo, Busch Media Group
Jerry Solomon, vp-genl mgr, Busch Media Group
T. Michael Carpenter, group vp, A—B Beverage Group
Michael LaMonica, vp-mktg staff
Brian Smith, vp-mktg, Busch Entertainment Corp
Thomas Sharbaugh, group mktg mgr, Budweiser, Bud Light, LA, Carlsberg, Elephant
David Drew, group mktg mgr, Michelob, Michelob Light, Michelob Classic Dark
David Morris, group mktg mgr, Busch, Natural Light
Robert Merz, sr prod mgr, Budweiser
Bob Goughenour, sr prod mgr, Bud Light
Joseph Corcoran, sr prod mgr, Busch
Robert Gunthner, sr prod mgr, LA, Natural Light
Albert Cummings, sr prod mgr, King Cobra
Tom Barton, mgr-sports production
Joseph Castellano, sr mgr-sports mktg

Advertising Agencies

Bloom Agency, Dallas—Dewey Stevens, Baybry's, Saratoga, Sante, Campbell Taggart—Alan Armstrong, vp-mgmt super-Dewey Stevens, Baybry's; Beth Mack, vp-Saratoga, Sante waters; Malcolm Dykes, vp-mgmt super, Campbell Taggart.

Castor Spanish International, New York—Hispanic mktg—Castor A. Fernandez, president-creative dir.

D'Arcy Masius Benton & Bowles, St. Louis—Budweiser beer, LA beer, Natural Light beer, corp adv—Jack Bruemmer, exec vp-mgmt super; Todd S. Abrams, sr vp-acct group dir; James Mayfield, sr vp-dir regional mktg.

J.P. Martin Associates, New York—King Cobra malt liquor—Joel P. Martin, president-creative dir.

Needham Harper Worldwide, Chicago—Bud Light beer, Busch beer, Michelob/Michelob Light/Michelob Classic Dark beers, Busch Entertainment Corp., new prods—Don Richards, mgmt rep, A—B; Ronald Bess, group acct dir; Mike Kearns, acct super-Bud Light; Robert Lachky, acct super-Busch; Peter Kuntz, acct dir-Michelob; Ralph Kurek, acct super-A-B field mktg; Brian Goodall, mgmt rep, Busch Entertainment.

Hal Riney & Partners, San Francisco and Chicago—new prods, corp adv—Hal Riney, president.

TBWA, New York—Eagle snacks, Carlsberg, Elephant beer—John Doman, exec vp-mgmt super.

A-B defends advertising

A ban on broadcast advertising of beer and wine proposed by some groups before Congress drew this response from Anheuser-Busch: A ban stigmatizes the product, implying even responsible use is somehow wrong; no scientific evidence links advertising with abuse; ad bans in others countries have not discouraged abuse; the brewing industry has seen per capita consumption actually decrease since 1981 despite increased ad outlays.

Top 25 magazine advertisers

Rank	Advertiser	Magazine pub. ad expenditures 1985	1984	% chng	as % of co.'s 1985 ad total
1	Philip Morris Cos.	$215,038	$188,619	14.0	15.4
2	RJR/Nabisco	164,137	204,885	(19.9)	15.0
3	Ford Motor Co.	114,739	97,101	18.2	18.7
4	General Motors Corp.	107,524	98,486	9.2	13.8
5	Procter & Gamble	93,144	65,319	42.6	5.8
6	American Telephone & Telegraph Co.	88,137	79,830	10.4	16.9
7	Chrysler Corp.	73,579	62,681	17.4	18.7
8	CBS Inc.	60,405	47,378	27.5	29.0
9	GE/RCA	55,288	52,865	4.6	14.8
10	International Business Machines Corp.	52,535	63,098	(16.7)	16.0
11	Time Inc.	43,460	39,599	9.7	27.8
12	Beatrice Cos.	43,113	[illegible]	1.7	6.3
13	U.S. Government	37,651	40,043	(6.0)	14.5
14	Loews Corp.	36,007	49,255	(26.9)	22.9
15	Volkswagen of America	35,920	31,252	14.9	29.2
16	Dart & Kraft	35,723	33,627	6.2	7.3
17	American Brands	35,025	32,683	7.2	21.9
18	Capital Cities/ABC	34,896	34,092	2.4	48.3
19	American Express Co.	33,467	20,604	62.4	19.7
20	E.I. du Pont de Nemours & Co.	32,061	27,430	16.9	28.6
21	Grand Metropolitan plc	30,052	28,752	4.5	17.0
22	Jos. E. Seagram & Sons	29,685	36,109	(17.8)	26.9
23	Johnson & Johnson	29,419	31,424	(6.4)	7.3
24	Bristol-Myers Co.	28,435	32,624	(12.8)	8.3
25	Sara Lee Corp.	27,940	20,348	37.2	9.8

Source: Publishers Information Bureau as reported by Leading National Advertisers.

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Apple Computer

Cupertino, Cal.

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,918	1,516	26.5
Net income	61	64	(4.7)

U.S.	1985	1984	% chg
Sales	1,490	1,188	25.5
Operating profits	65	49	32.7
Advertising	84	134	(37.3)

Apple Computer, which experienced its most difficult year in 1985, has shifted its focus from high-profile marketing programs to internal reorganization, but while Apple cut back its advertising expenditures for the year, management is expected to step up the marketing effort in the second half of 1986.

Turmoil within the company began during the summer as it reorganized in an effort to offset the first loss in its corporate history. A power struggle evolved between co-founder and chairman Steven P. Jobs and president-ceo John Sculley, ending with Mr. Jobs leaving to found a new company, while Apple followed him with a lawsuit. Under Mr. Sculley, Apple cut some 1,500 people from its payroll and closed three manufacturing plants.

After the dust settled, Apple entered the current fiscal year with its most profitable quarter ever. Sales, however, slipped as the company searched for a new comprehensive marketing strategy for its Macintosh computer system.

Analysts see Apple maturing as it enters its second decade. Those associated with the "old Apple" sometimes refer to the current management as caretakers; Wall Street sees the once high-flying company as more responsible.

On the marketing front, the biggest change occurred last May, when, after a four-month review, Apple fired Chiat/Day, Los Angeles, and awarded its $50 million domestic account to BBDO, San Francisco/New York.

The move caught few people by surprise, and certainly not many within Chiat. Mr. Sculley's ties to the international powerhouse, now part of Omnicom, date to his tenure as president of Pepsi-Cola USA. BBDO successfully won almost all of Apple's international accounts, with the exception of Canada (handled by Scali, McCabe, Sloves) and Australia (Crystal Palace).

However, the account won by BBDO is just a shadow of the business Chiat once held. Apple hit its advertising peak in 1984. Beginning with its hit "1984" commercial on Super Bowl XVIII, Apple went on to spend an estimated $100 million advertising that year. With management concentrating on its profit margins, total ad spending dropped to about $65 million. For Apple's current fiscal year, the ad budget stands at just $38 million.

Apple's 1985 annual report included a series of fictitious interoffice memos, many dealing with Mr. Sculley's cost-cutting objectives. One memo addressed Apple's new-found ad objectives: "Reduce expensive network television advertising; increase less expensive and more targeted advertising, such as radio and local newspaper; support dealer advertising aimed at increasing store traffic."

Beginning the fourth quarter of last year, Apple shifted its advertising approach dramatically, moving from image-oriented programs to more direct campaigns designed to help sales on the retail level. For example, Apple marketing execs cited the company's high level of consumer awareness in its decision to pass up ad time during Super Bowl XX.

The effect of Mr. Sculley's belt-tightening measures became apparent in the beginning of its current fiscal year. For the first two quarters of fiscal 1986, Apple's sales fell 17% to $942.8 million from $1.13 billion in the comparable period a year earlier. Gross profit margins, however, improved from 40% to 53%, with net income of $88.7 million for the first six months of fiscal 1986 exceeding total profits in fiscal 1985.

Apple's improved margins, which should remain stable, now are taking a back seat to the company's efforts to perk up sales in a crowded industry. Unlike the marketers competing in the IBM arena, Apple has been able to protect itself from the "clones" by guarding its proprietary operating system. On the other hand, market leader International Business Machines is suffering from competition both from name brands, such as Compaq and Leading Edge, as well as from the so-called no-names, imported from the Far East and priced as low as $695.

Mr. Sculley addressed Apple's slipping sales last April in his quarterly meeting with Wall Street financial analysts. At that time, he said the company would increase its spending in marketing, sales and product development, but these efforts wouldn't begin to pay off until 1987.

Apple's ad spending should increase in the second half of the calendar year. The company has said it will introduce more new products in 1986 than in any other year in Apple's history. And new introductions are expensive. Apple's big ad spending jump in 1984, for example, was tied to the rollout of two machines: Macintosh and Apple IIc.

Apple is keeping tight security on its new product developments, even to the point of hiring a private investigation company to plug leaks from outside developers. Apple often shares its products under development with these independent companies to ensure that various hardware add-on products and software will be available soon after it introduces a new product. Despite strongly worded nondisclosure agreements between Apple and these third parties, word of impending new introductions is rarely withheld from the trade and general press.

Products expected to be introduced in the remainder of this year include a new machine in the Apple II family and a new Macintosh. The new Apple II unit is reportedly code-named SG, for sound and graphics, two capabilities both Atari and Commodore push heavily.

Within the Macintosh line, Apple has promised to release an "open" Mac, or a machine that a user can customize. IBM embraced the open system concept from its start in the personal computer business, but Apple resisted the move. Mr. Jobs is credited with the desire to keep customers out of the Mac's insides, preferring to offer more of an appliance that comes complete in the box.

Apple reached another milestone in 1986 when, for the first time, the Mac outsold the Apple II line. Long Apple's cash cow, the II line now is viewed as nearing obsolescence, although the huge library of software available for the machine continues to spur sales. The Apple II, offered as both the IIe and the newer IIc, remains strong in the home and education markets.

Growth in the computer industry, however, centers in the business arena and most major contenders are vying for a piece of that pie. Apple is no exception. Apple, though, no longer competes head-to-head against IBM by offering "the computer for the rest of us." Instead, it promotes the power of the machine as well as the ease with which novices can become proficient on the Mac.

But the Macintosh suffered from the lack of a cohesive marketing strategy for almost six months. Following the January, 1985, introduction of the Mac, Apple began a campaign using the theme "The Macintosh Office" to promote its strongest contender in the business marketplace. The concept failed, and Apple pulled the campaign just as it began its reorganization. "The concept was fine," says advertising and sales promotion manager Bruce Mowery, "but there was a fundamental flaw: We didn't have the products in place to support the selling proposition."

The hottest new segment of the business market is personal computer-based publishing, called desktop publishing. Apple pioneered this concept of producing typeset quality documents with its Mac when it introduced the LaserWriter Plus and the Macintosh Plus in January, 1986. The LaserWriter, which in itself is the most powerful computer Apple markets, connected to the Mac potentially can save a company many times its price by eliminating outside printing costs.

Industry analysts are almost unanimously bullish about the future of desktop publishing, with some predicting that segment growing to $3.5 billion by 1990.

Also in an effort to limit some of the debilitating discounting of its computers, Apple cut 600 stores from its 2,600 outlet roster. Included in the cuts were 103 Sears Business Systems outlets. Apple said the stores it eliminated as authorized dealers contributed 10% of sales.

Apple also got backing from the 9th Circuit Court of Appeals in San Francisco for a clause in its dealer contracts that prohibits the dealer from selling by mail order. The intent of the clause was to promote only one-on-one selling and the service that implied. Several dealers had sued Apple in 1981 over the clause. The ruling underscored Apple's contention that a manufacturer has control over the distribution of its products. Any further appeals on the case would have to be heard by the U.S. Supreme Court.

Apple's direct support to its dealers reached a new high in its current fiscal year, mostly in the area of direct response advertising. Observers estimate Apple doubled its budget for direct response advertising to $10 million in the current fiscal year.

Its first major foray into direct mail occurred in late 1984 when it shipped 7.5 million pieces to potential Apple II customers, offering an instant credit line of $2,500. For the following year, Apple doubled the number to 15 million pieces.

In the educational segment, Apple mailed a promotion to 1.8 million teachers and professors last March. While in the business market, Apple is sending out an elaborate promotion (estimated to cost more than $1 per piece) to more than a million businesses. For the first half of 1986, Apple has launched at least 15 programs.

Krupp-Taylor, Marina del Rey, Cal., handles Apple's direct response advertising. Introduced to Apple by Chiat/Day in 1982, Krupp retained the account even after Apple shifted its domestic account to BBDO. Krupp recognizes the possible threat from BBDO, with its subsidiary BBDO/Direct, which is sure to attempt to woo that part of the business.

In measured media advertising, which dropped 38% to $52.3 million, the biggest dollar cut appeared in tv advertising, with network buys totalling $25.9 million compared with the 1984 total of $42.8 million. Apple's magazine ad expenditures suffered the biggest percentage drop, down 44% to $11.9 million from $21.5 million in 1984, when it was the sole sponsor of *Newsweek's* election-week special edition in the first week of November, 1984.

By product line, Apple's emphasis shifted away from the Macintosh, with the majority of spending centering on the Apple II line. Measured expenditures for the II totaled $24.5 million, down 16% from 1984, while spending on the Mac registered $11.2 million, down 69% from $35.9 million the previous year, according to LNA.

Of the money spent to promote the Mac, Apple devoted almost 80%, or $8.9 million, to network tv, while magazine expenditures totaled $2.3 million. In the same two categories a year earlier, Apple spent $22.7 million and $10.9 million, respectively.

For the total 1985 U.S. microcomputer market, valued at $13.32 billion, Apple ranks second with 10.7%, down from 13.8% a year earlier, according to International Data Corp., Framingham, Mass. At the same time, market leader IBM expanded its share to 34.3%, compared with 28% in 1984. Other major players in the market, and their shares, include: Compaq, 5.9%; Hewlett-Packard, 4.7%; AT&T, 4%; Commodore, 3.2%; Tandy, 2.5%; Zenith, 2.3%; Wang, 2.3%, and Atari, 2.1%. All other competitors have less than a 2% share.

Apple lost share again in the much-coveted business segment of the market, valued at $8.79 billion in 1985, up 5.6% from the previous year. Apple now ranks fourth with a 4.4% share, down from 9% in 1984 and 19% in 1983.

Leader IBM maintained its 40% share in 1985, despite strong competition from the "clone" marketers. Also ahead of Apple in the business arena are Compaq with 8.4% of the market, and AT&T with 5.5%. The other major players, and their shares, are: Hewlett-Packard, 3.5%; Wang, 3.2%; Zenith, 2.8%, and Convergent Technologies, 2.0%.

Apple continues to dominate the educational market where it holds a commanding 54% share, well ahead of second-ranked Tandy's 23% share and IBM's 12%. In the home and hobbyist market, Apple ranks second with 21.4% of the market, behind market leader Commodore, which holds a 37.3% share.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$11,916	$21,468
Newspaper	8,139	8,027
Newsp. supp.	246	113
Bus. pubs.	1,557	1,353
Network tv	25,863	42,753
Spot tv	356	2,798
Network radio	254	0
Spot radio	5,170	8,382
Outdoor	69	17
Network cable	289	1,051
Total measured	53,859	85,962
Unmeasured	30,000	47,882
Total	83,859	133,844

APPLE COMPUTER
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Corporate Personnel

John Sculley, chmn of the board-president-ceo

Marketing Personnel

William V. Campbell, exec vp-sales & mktg
Bruce S. Mowery, adv & sales promo mgr
John Zeisler, business mktg mgr
Dave Cote, consumer mktg mgr
Betsy Pace, K-12 education mktg mgr
Bud Colligan, university mktg mgr

Advertising Agencies

BBDO, San Francisco and New York—personal computers & peripherals—Peter Gilson, sr vp-group mgmt super; Martha Pease, vp-mgmt super; Lisa Schwimmer, Michael Baldwin, acct supers.

Krupp-Taylor, Marina del Rey, Cal.—direct response—Murray Bowen, exec vp.

RANK
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Batus Industries

Louisville, Ky.

($ in millions)

Worldwide	1985	1984	% chg
Sales	5,087	4,876	4.3
Net income	164	314	(47.8)
U.S. advertising	175	175	0.1

Division sales	1985	1984	% chg
Tobacco	2,273	2,264	0.4
Retail	2,178	3,374	(35.5)
Paper	639	572	11.7

Batus Inc. announced in January that it would sell six of its retailing businesses, including New York-based Gimbels Department Stores, or 40% of its U.S. retail business. By mid-July, agreements had been reached on the sale of 77 of 93 stores.

The divestiture is a result of low profits and incremental growth in recent years. Operating income from retailing rose only 2% in 1985 over the previous year, and only 0.9% in 1984 over 1983. As a result of the discontinued retail operations, Batus, the U.S. subsidiary of London-based B.A.T Industries plc, took a $150 million loss while recording $164 million in net income in 1985, a 47.8% decrease from 1984.

Batus decreased the amount it spent on magazine advertising in 1985 by about $13 million. However, it increased its spending on outdoor advertising by about $10 million, and slightly increased spending on newspaper and spot radio, to bring its total measured advertising outlays in line with 1984.

The largest share of Batus' advertising budget is allocated to its tobacco group, Brown & Williamson Tobacco Corp., which received $52.8 million in measured advertising for its tobacco products last year, down 10%, according to Leading National Advertisers. The expenditure counted for 54% of total measured ad spending at Batus.

B&W's share of the total domestic cigaret market increased in 1985 from 11.3% to 11.8%, due mostly to its 26.4% share of the popular price-value market. B&W is in second place in this segment of the market, behind leader GrandMet's Liggett & Myers Tobacco Co., Louisville, and slightly ahead of RJR/Nabisco.

With the introduction in 1985 of its Richland brand, B&W entered the value-for-money segment of the tobacco industry. Richland was B&W's first new product introduction since 1981. Richland offers smokers 25 cigarets for the same price as regular 20 packs. B&W spent more than $12.5 million on measured advertising for Richland in 1985, second only to its flagship brand, Kool.

The company scored a marketing coup in 1985 when it reached an agreement with Generic Products Co., Fort Worth, Tex., to make its GPC-approved cigarets. Richland and the generic labels were the major factors contributing to B&W's over-all share increase.

Although B&W's share of the total market increased in 1985—one of only three companies to post gains—the increase was not aided by the performance of B&W's full-priced brands. B&W's flagship, Kool, the fourth largest selling cigaret brand in the U.S., achieved a 6.7% market share last year, compared with a 7% share in 1984. The company increased measured spending 11.5% to $29 million to advertise the Kool line, mostly in magazines and outdoor advertising. Kool King Size 25s and Kool Milds 25s also were introduced in selected markets during 1985.

B&W's ultra-low tar cigaret, Barclay, which has less than 1% of the market, continued its market decline in 1985. As a result, B&W began testing a reformulated Barclay. Although the company says it hopes the new Barclay will be a success, it cut ad spending for the cigaret in half last year, to only $4.4 million.

The tobacco company overhauled its advertising agency lineup early this year, much as it did in 1984. B&W dropped Doyle Dane Bernbach as its agency for Kool and assigned creative responsibilities to Ogilvy & Mather, Chicago, which already handled media buying and planning for all B&W brands, including Kool.

In restructuring its retail operations, Batus hoped to concentrate on stores it believed had the greatest potential for growth and profitability. Saks Fifth Avenue, which B.A.T bought from the Gimbel family in 1973, saw increased operating income last year of 7% on sales that increased 6%.

Analysts say Saks has rebounded from a period when it failed to keep up with its major competitors in pricing and fashion. Saks opened a new store in San Antonio, Tex., in 1985 and opened replacement stores in Southampton, N.Y., and Palm Springs, Cal. The store also is renovating and modernizing its facilities. Batus spent nearly $1.5 million on measured advertising for Saks in 1985, down 35% from 1984.

Batus' Marshall Field's stores saw an improvement in sales of 8% and in operating profits of 6%. Measured ad spending remained relatively unchanged at $2.3 million. Marshall Field's is the major retailer in the Chicago area, where most of its 21 stores are located. Analysts say that until Batus bought Field's in 1982, the store had failed to compete with specialty stores that had entered the Chicago market.

Batus set out to modernize its facilities and seek professional management, tasks that analysts say have been completed and are the key to the store's new success.

Batus is also retaining its Ivey's stores, in the Carolinas and Florida; its Breuners stores in Arizona, California and Nevada, and its Thimbles stores in the Midwest and the Northeast.

Batus' three Crescent stores, all in Spokane, Wash., and its 15 Frederick & Nelson stores, in Washington and Oregon, have been sold to a group of investors in Seattle. They will continue to operate as retail stores under their present names. Additionally, Batus' 39 Kohl's stores, all in the Midwest, have been sold and will continue to be operated as they are.

Of Gimbels' nine Midwest stores, five have been transfered to Marshall Field's. Batus is discussing the sale of the other four with possible buyers, according to a Batus spokesman. In Pittsburgh, four have been sold to May Department Stores and negotiations with buyers are under way for three units. Ten Gimbels stores in the East have been sold to Allied Stores Corp. and one to Associated Dry Goods. Eight others, including Gimbels' New York flagship, still are being negotiated.

Also as a part of Batus' retail restructuring, it announced that its chairman and chief executive, Arnold Aronson, would resign after a transition period. Also leaving would be M. Ronald Ruskin, Batus retail president.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$23,342	$36,216
Newspaper	28,425	25,317
Newsp. supp.	11,703	13,103
Spot tv	10,383	11,480
Spot radio	2,007	0
Outdoor	22,560	12,089
Network cable	0	91
Total measured	98,420	98,296
Unmeasured	77,000	76,903
Total	175,420	175,199

BATUS INC.
2000 Citizens Plaza
Louisville, Ky. 40202
(502) 581-8000

APPLETON PAPERS INC.
Appleton, Wis.
Corporate Personnel
John W. Turner, chmn-ceo
Dale H. Schumacker, president-coo
A. Sherman Frinak, exec admin asst to chmn

Marketing Personnel
Daniel W. McIntosh, vp-mktg & sales
Robert D. Seuss, dir-pr & corp communications
R.P. Sherrer, dir-mktg

Advertising Agencies
William Eisner & Associates, Hales Corner, Wis.—Tom Sarrahy, acct exec.
Yelton Design Co., Appleton, Wis.—Jeff Yelton, acct exec.

JOHN BREUNER CO.
San Ramon, Cal.
Corporate Personnel
Arnold Zetcher, chmn-ceo

Marketing Personnel
Jeannine Vaughan, dir-mktg
Georgene McDaniel, media dir

Advertising Agency
(In-house) Jeanine Vaughan, dir-adv.

BROWN & WILLIAMSON TOBACCO CO.
Louisville, Ky.
Marketing Personnel
Thomas E. Whitehair Jr., vp-corp mktg
Lincoln R. Lewis Jr., dir-established brands
Robert J. Miller, group prod dir
James L. Hendricks, group prod dir
Kenneth M. Burk, sr brand mgr
Carol L. Lomicka, brand mgr
Susan H. Trebilcock, brand mgr
Jane G. Curtis, brand assoc
Diane E. Seagle,brand assoc
M. Carrie Canavan, brand assoc
Lee D. Johnson, brand assoc
Gail Lyttle-Green, brand assoc
Frank L. Criss, merch materials mgr
Fran Canary, mgr-media services
Nancy S. Spriggs, mgr-promo services
Cathy L. Barlow, special promos mgr
Linda L. Greenwell, promo couponing super
Donna G. Fryman, coupon misredemption super
I. David MacDonald, dir-intl brands
John B. Judd, group prod dir
Nancy G. Naughton, brand mgr
Jan K. Tharaldson, brand mgr
Glenn D. Raphael, dir-mkt rsch
Jim F. Wilhelm, group rsch mgr
Larry E. Gravely, group rsch mgr
Robert J. Kopp, group forecasting mgr
Hal T. Hughes, mgr-industry analysis
Denise J. Anderson, brand assoc
Nick J. Wilkerson, brand assoc
Alice L. Kirby, sr analyst-forecasting
Bruce R. Pellett, sr mktg rsch analyst
Fran L. Wilke, mkt rsch analyst
Debbie A. Beatty, mkt rsch analyst
Carolyn B. Pugh, mkt rsch analyst
Bonnie L. McCafferty, dir-new prods
R. Dean Sharp, group prod dir
Paul S. Wessel, group prod dir
Nora E. Steinschulte, sr brand mgr
Suzanne D. Zolper, brand mgr
Karen J. Broizge, brand assoc
Rob D. Stowe, brand assoc
Robert M. Grimes, brand assoc
Lanny W. Butler, vp-sales
Charlie C. Middleton, dir-sales devel & admin
Glenn A. Korfhage, dir-trade devel

Advertising Agencies
Geer, DuBois, New York—Richland cigarets—Brian Sherwood, exec vp-acct mgr; Mike Garcia, vp-acct super; Sergie Kuharsky, acct exec.
Ogilvy & Mather, Chicago—Barclay, Kool (US and intl); Kim (US only); Kent, Lucky Strike (intl only); media planning and buying for all brands—Rod Parker, sr vp-mgmt super; Margo Conant, acct super.

IVEY'S CAROLINA
Charlotte, N.C.
Corporate Personnel
James H. Shaw, president-ceo

Marketing Personnel
Richard L. Schwab, sr vp-sales promo

Advertising Agency
(In-house)—Richard L. Schwab, sr vp-sales promo.

IVEY'S FLORIDA
Orlando, Fla.
Marketing Personnel
Mason Allen, sr vp-merch
Raymond Cole, sr vp-dir adv

Advertising Agency
(In-house)—Raymond Cole, sr vp-dir adv.

MARSHALL FIELD'S
Chicago, Ill.
Corporate Personnel
Philip B. Miller, ceo
Burnett Donoho, president

Marketing Personnel
Katharine Davis, vp-mktg
Christina Johnson, vp-direct response
Rick Wanetik, sales promo

Advertising Agency
(In-house) Creative Field's.

SAKS FIFTH AVENUE
New York, N.Y.
Marketing Personnel
Paul Le Blang, sr vp-dir mktg
Helen O'Hagan, vp-pr
William Berta, sr vp-sales promo & adv
Becky Wong, creative dir
Linda Gaunt, dir fashion publicity & pr mgr

Advertising Agency
(In-house)—Ross Bonanno, production mgr.

THIMBLES
New York
Corporate Personnel
Jay H. Baker, president-ceo

Marketing Personnel
Milton Beaver, vp-mktg & adv
Greg Costello, creative dir, visual adv
John Russoa, creative dir, copy
Joseph Kasas, media dir

Advertising Agency
(In-house).

RANK **78**

Bayer AG

Leverkusen, W. Germany

($ in millions)

Worldwide	1985	1984	% chg
Sales	15,782	14,788	6.7
Net income	432	460	(6.1)
U.S.	**1985**	**1984**	**% chg**
Sales	4,177	3,900	7.1
Operating profits	246	238	3.4
Advertising	108	106	2.3
Division sales	**1985**	**1984**	**% chg**
Polymers	2,798	2,598	7.7
Organic chemicals	2,268	2,100	8.0
Inorganic chems	3,030	2,897	4.6
Healthcare	2,294	2,154	6.5
Agrochemicals	2,371	2,252	5.3
Agfa-Gevaert	2,598	2,403	8.1

Bayer AG continued to fuel U.S. subsidiary, Miles Laboratories, with ad spending in support of Miles' leading brand Alka-Seltzer, which moved into the cardiovascular market after the Food & Drug Administration ruled that aspirin, a major ingredient in Alka-Seltzer, was a preventative for heart attacks.

Bayer also obtained limited use of its name as a brand name stateside following an agreement reached with Sterling Drug Co. allowing it to buy back partial rights to the Bayer trademark for $25 million. Sterling, New York, has held the rights to the Bayer name since World War I.

Although Sterling will continue to market its aspirin product under the Bayer name and symbol in North America, Bayer gained the right to use the name on industrial products and chemicals, as well as to bestow the name on its newly formed holding company in the U.S.

The holding company, Bayer USA, formed July 1, 1986, and based in Pittsburgh, encompasses Bayer's U.S. subsidiaries: Miles Laboratories, Mobay Corp., Agfa-Gevaert Inc. (which includes Compugraphic Corp.), Helena Chemical Co. and Haarman & Reimer Corp., and Deerfield Urethane. Konrad M. Weis is the president-ceo of Bayer USA. He previously served as chairman, ceo and president of Mobay.

Bayer's U.S. division contributed 23% of total sales of Bayer AG, or $4 billion, in accounting for the single largest regional contribution to corporate totals. Mobay contributed the most with sales of $1.6 billion, followed by Miles and its subsidiaries—$1.18 billion in sales, one-third of them from outside the U.S. Dollar conversions in this profile were made at the rate of $1=DM2.91 for 1985 and $1=DM2.79 for 1984.

Miles Laboratories, the Elkhart, Ind., subsidiary, is made up of six operating groups: Pharmaceutical, diagnostic products, hospital products, biotechnology products, consumer healthcare and household products. The latter two categories accounted for the major portion of Miles' ad expenditures.

The consumer healthcare sector is home to Miles' largest selling single product, Alka-Seltzer, which received nearly $20 million in measured media support, the highest of any consumer product line. On the market since 1931, Alka-Seltzer received professional labeling from the FDA decision made in October. The next month, Miles began promoting Alka-Seltzer to physicians for the new indication.

A new consumer campaign by McCann-Erickson, New York, bearing the theme line "Alka-Seltzer to the rescue" was introduced in November.

Alka-Seltzer Original was joined in November by a lemon-lime Flavored Alka-Seltzer line extension. Promoted as "A better tasting way to help you feel better," the Flavored Alka-Seltzer alternative seeks younger users and those who dislike the taste of the original product.

Bypassing the test market stage, Flavored Alka-Seltzer began national distribution after extensive consumer-panel testing. A four-tablet direct mail sampling program supplemented the advertising effort. After less than two months on the market, the flavored version of Alka-Seltzer recorded a 0.2% share of the antacid market in drugstores, according to Joseph Candrevo, special projects coordinator for Pipeline Research, which measures sales by manufacturers to drugstores. In addition to drugstores, Alka-Seltzer is heavily marketed in grocery and discount stores.

Two other Miles products appear in the $700-$800 million antacid category—Alka-Mints and Alka-Seltzer Gold, a nonaspirin product. Alka-Mints, which replaced the discontinued Alka-2, received $6 million in measured spending. With five products in the same category, Miles' presence accounts for a 7% over-all share of the antacid market, where over-all sales are considered to be flat.

The Alka-Seltzer franchise extends beyond antacids into the $1.1 billion cold-cough remedy segment, with its Alka-Seltzer Plus cold product. Alka-Seltzer Plus, the fastest-growing Miles product for the second year in a row, garnered a 6% share of the highly competitive category, backed by $12 million in ad spending. The category is led by Burroughs Wellcome's Actifed and Sudafed, whose combined share is 27.5%, and Richardson-Vicks' (Procter & Gamble) Nyquil, which holds a 10.9% share. The total Alka-Seltzer inventory of products received $37.4 million in advertising allotment.

Miles introduced in the second quarter of 1985 a multivitamin called Within, a reformulation of One-A-Day with Iron, to which calcium and extra iron have been added. Miles backed the introduction with nearly $5 million in ad spending. Within garnered a 3.2% share of sales to drugstores.

A sugar-free version of Bugs Bunny vitamins generated a 23% sales increase in its first full year on the market. A sugar-free version of Flintstones vitamins was introduced in the fourth quarter. The Miles children's vitamin duo leads the $80 million children's vitamin category. Both products received $7 million in advertising.

Biocal, Miles' entry in the calcium supplement market, recorded a 3.7% share, in a category dominated by Marion Laboratories' Os-Cal, which holds a 61.2% share to Biocal's 3.7% share, according to Mr. Candrevo. Biocal did not receive any measurable advertising support.

In Miles' household products segment, Glass Works was introduced in the $175 million U.S. glass cleaner market currently dominated by Drackett Co.'s Windex, which, after about 40 years on the market, holds a 58% share, and Texize's Glass-Plus product, which debuted in 1975. Glass Works, unlike its competitors, contains a vinegar-based formula, compared with the ammonia formulation of other brands. Doyle Dane Bernbach, New York, introduced the product in a comparative ad campaign in April, 1986.

Capitalizing on consumer familiarity with another Miles product, S.O.S cleaning pads, the S.O.S name has been flagged on Glass Works' packaging. Bypassing test-marketing, Glass Works went into national distribution after consumer-test panel reviews. Cents-off coupons in free-standing newspaper inserts and on S.O.S cleaning pads packaging supported the introduction of the product.

S.O.S cleaning pads, which dominate the scouring pad market in the U.S. and Canada, continued to increase market share in 1985, aided by a 30-pad box introduction for heavy consumption buyers. S.O.S oven cleaning pads maintained a market share of 7% to 8% in the $60 million oven-cleaning category. However, Miles strategy in the division focuses on new product development because scouring is on the decline as convenience items like microwave ovens and ceramic cookware proliferate.

Perspectives from an ANA director

Activity in Washington is a great asset

As chairman of the board of directors of the Assn. of National Advertisers, Herbert M. Baum, president of the U.S. division of Campbell Soup Co., says he has five major concerns:

- Development of a pro-active stance in Washington
- Resolution of membership eligibility and dues structure
- Improvement in advertising education programs
- Active involvement in the international advertising arena
- An increase in membership.

Mr. Baum, who is chair of the ANA membership committee and the executive committee and a member of the finance committee, says the Washington office of the ANA has become more important in recent times.

"We have become a more valuable asset because of our efforts on behalf of the First Amendment. We rallied to what the Washington office has been doing and we mobilized Washington representatives and major advertisers to work hard on every issue [that affects us], like the tax reform and disallowance proposals."

Mr. Baum lauds the work of the ANA committee that reworked the dues structure "to make us more effective." Also, he says he wants the association to continue to be an educational resource for members.

On the international scene, Mr. Baum notes that the entire ANA board attended the World Federation of Advertising meeting this year and new members may come from a global outreach.

Regarding other advertising trends, including the effect of agency megamergers and the potential for account conflicts, Mr. Baum says, "I'm kind of outspoken on this. I think what agencies do is their own business as long as it doesn't affect our business where there is a specific conflict. The individual parties have to work it out."

He gives the example of what happened at Campbell when Doyle Dane Bernbach and Needham Harper merged.

"One had Weight Watchers and the other Mrs. Paul's, considered to be competitors. Someone came to me and said we had to change agencies because of the conflict, and I said, 'Let Heinz change agencies.' It turns out those accounts weren't so competitive, after all. I take a liberal point of view, but other members of the ANA are vehemently opposed to [agency] linkups even if they're only across town."

Herbert M. Baum
Campbell Soup Co.

On the issue of the increased diversion of traditional media dollars into nonmedia promotions, for instance, Mr. Baum calls it the "beginning of the end for brand marketing."

"Promotion to me means incentives, coupons, lower costs. Media advertising is meant to build brands, meant to sell product attributes."

On the issue of shorter rollouts in new product development tests, Mr. Baum says, "There are two choices: To turn out very small laboratory-type tests so that the competition doesn't find out or to just go national. We do a lot with BehaviorScan, and we find that the competition rather than consumers ends up buying most of our test products."

Mr. Baum joined Campbell in 1978 as associate director of new products in the canned food division. After five months, he was promoted to director of marketing services and was subsequently elected corporate vp-marketing. Before joining Campbell, he was vp-account supervisor at Needham Harper & Steers and previously worked for Doyle Dane Bernbach and Stern, Walters & Simmons agencies.

Miles' pharmaceuticals division outpaced all other product groups, aided by a new product introduction in the first quarter of 1985. Mycelex G-500 mg, a single-dose prescription vaginal tablet to treat candidiasis, or yeast infection, encourages greater patient compliance than traditional three, seven or 14-day treatments.

Late in 1985, Miles received FDA approval to market its first cardiovascular product, Adalat (nifedipine). Adalat, used in the treatment of angina pectoris, is Miles' first compound in a new class of calcium antagonists, which were discovered by parent company Bayer AG. Until the end of 1985, nifedipine had been marketed under an exclusive license to Pfizer Inc., New York, in the U.S., whose brand name for the product is Procardia. It has been Pfizer's second largest selling prescription drug, with $219 million in sales in the U.S. last year. But when Pfizer's license expired at the end of last year, the way was paved for Miles to enter the category in January.

Adalat is the first of several cardiovascular products Miles hopes to market. The rest are either in the clinical stage or under review by the FDA.

Among restructuring moves, Miles Scientific has merged with the Ames Division to form the Diagnostics Group. More recently, Hospital Products was merged with Miles Pharmaceuticals into a unit that is called the Biological Division. The Bayvet animal healthcare division was transfered to another Bayer subsidiary, Mobay Corp., at the end of the year.

The Biotechnology Group acquired Biolac Inc., of Logan, Utah, for its Marschall Products division. Biolac manufactures and markets a pH control system, cultures and culture media for cheese makers. Agfa-Gevaert, Teterboro, N.J., another Bayer subsidiary that markets photographic films, magnetic tapes and tapes and videocassettes, had measured advertising totaling $314,300 last year.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,419	$2,144
Newspaper	0	105
Newsp. supp.	0	73
Bus. pubs.	2,044	2,906
Network tv	46,368	47,855
Spot tv	3,926	5,586
Network radio	5,572	874
Spot radio	1,076	361
Outdoor	111	103
Network cable	253	914
Farm pubs.	4,673	3,069
Total measured	65,441	63,989
Unmeasured	42,539	41,615
Total	108,080	105,604

Which advertisers are fueling the boom in outdoor advertising?

Turn to LNA for answers.
See page 93

MILES LABORATORIES
P.O. Box 40
Elkhart, Ind. 46515
(219) 264-8111

CONSUMER HEALTHCARE DIVISION

Marketing Personnel

R.G. Stoll, corp exec, vp & div president
W.T. Gildea, vp-mktg, new prods
M.B. Streicker, dir-media operations
J.W. Howell, vp-sales

Corporate Media Buying

Clifford A. Botway Inc., New York—network tv & radio buying—Clifford A. Botway, chmn; Edward Kobza, president.

Advertising Agencies

Boger, Martin, Fairchild & Co., Elkhart, Ind.—Miles overseas military, Miles trade adv—Robert B. Boger, president.

Conill Advertising Associates, New York—Hispanic adv—Fernando Garcia, acct super.

Kallir, Philips, Ross, New York—medical/professional adv—Bill Cronin, acct super; Lola Fiur, asst acct exec.

McCann-Erickson, New York—Alka-Seltzer, Alka-Mints, Flavored Alka-Seltzer—Michael Sennott, sr vp-mgmt rep.

Sieber & McIntyre, Chicago—medical/professional adv—Lee Heiman, group acct super.

Tatham-Laird & Kudner, Chicago—One-A-Day vitamins, Bactine antiseptic, Bugs Bunny & Flintstones vitamins—Bill Youngclaus, ceo.

Wells, Rich, Greene, New York—Alka-Seltzer Plus Cold Medicine—Kenneth Olshan, chmn, WRG Worldwide; Larry Polare, acct super; Marjorie Miller, asst acct exec.

HOUSEHOLD PRODUCTS DIVISION

Marketing Personnel

S.M. Reim, div president
H.G. Fitts, vp-mktg
M.N. Redlin, dir-new prods
R.R. Rowe, dir-U.S. sales

Advertising Agencies

Doyle Dane Bernbach, New York—S.O.S & S.O. Ezy soap pads, S.O.S oven cleaning pad, Glass Works—Rein Luik, exec vp; Lucille Cotugno, vp-mgmt super; Ira Grindlinger, acct super.

Tatham, Laird & Kudner, Chicago—Cutter insect repellent—Kirk R. Borland, sr partner; Ilene Block, acct super.

BIOTECHNOLOGY GROUP

Karl H. Voepel, corp exec vp

BIOTECH PRODUCTS DIVISION

Marketing Personnel

R.J. McGrath, president
H.C. Stalter, vp-mktg
E.L. Frey, dir-intl
J.C. Bakos, dir-intl mktg (citric/citrates)
N.D. Hupp, dir-intl mktg (enzymes)
F.W. Coglianese, dir-sales

Advertising Agency

Ash Advertising, Elkhart, Ind.—citric/industrial—J.B. Ash, president.

MARSHALL PRODUCTS DIVISION
Madison, Wis.

Marketing Personnel

V.W. Christensen, div president
K.J. Woldt, sales mgr, food & dairy prods
R.A. West, dir-mktg
D.G. Whitehead, sales mgr-agricultural prods
N.J. Wood, mktg mgr
F.N. Robison, dir-intl operations

Advertising Agency

Stephan & Brady, Madison, Wis.—Hugh Brady, ceo; Jack Ragel, president; George Whitely, vp; Matt Joyce, pr acct exec.

DIAGNOSTICS GROUP

Marketing Personnel

W. Wenninger, corp exec vp
A.D. Fiorillo, exec vp-mktg & sales
T.C. Christensen, vp-intl mktg & sales
A. DeBruin, vp-U.S. mktg & sales
J.J. Lavery, dir-U.S. sales
W.C. Rieger, dir-U.S. mktg
K.M. Murphy, mgr-mktg communications

Advertising Agency

Abelson-Taylor, Chicago—clinical/hospital prods—Dale Taylor, exec vp; Nick Kaufman, acct super.

PHARMACEUTICALS GROUP

Marketing Personnel

H.K.D. Wallrabe, corp exec vp

PHARMACEUTICAL DIVISION

M. Coffee, vp-mktg & sales
J. Patchen, group prod mgr, anti-infectives
V. English, group prod mgr, cerebro/cardiovasculars

Advertising Agencies

Carrafiello & Diehl Associates, Tarrytown, N.Y.—dermatologicals and cardiovasculars—C. Pattrick Mandarano, acct super.

Medicus-Intercon, New York—John Ibelli, vp.

Thomas Ferguson Associates, Parsippany, N.J.—Thomas Ferguson, president.

HOLLISTER/STIER DIVISION

Marketing Personnel

R.M. Galustian, group exec vp-head, allergy business unit
R. Yvars, dir-mktg & sales
E.T. Hamilton, natl sales mgr
C. Gursky, natl mktg mgr

Advertising Agency

Medicus-Intercon, New York—John Ibelli, vp; Karen Nelson, acct exec.

BIOLOGICAL DIVISION

Marketing Personnel

R.M. Galustian, group exec vp-head, biological div
V.H.J. Shalson, vp
W.G. Johnson, vp-sales

Advertising Agencies

Rainoldi/Kerzner & Radcliffe, San Francisco—blood bag line & professional services dept—Jay Kerzner, vp-acct services.

Rolf Werner Rosenthal Inc., New York—Cutter's new exclusive intravenous immune & coagulation prod globulin preparation, immune serum globulin prod—Pearl Weinstock, acct group super.

MOBAY CORPORATION
Pittsburgh, Pa.

Marketing Personnel

Dick Donati, mgr-industrial adv
Richard L. White, exec vp-mktg

Advertising Agency

Valentine-Radford, Inc., Kansas City, Mo.—Phil Schroeder, acct exec.

ANIMAL HEALTH DIVISION

Corporate Personnel

J.C. DeCesare, vp

Marketing Personnel

F. Koering, dir-mktg
J.C. Clark, mgr-sales services
S.F. Swindler, genl sales mgr
L.S. Beatty, adv mgr

Advertising Agency

Richardson, Myers & Donofrio, Baltimore—small animal prods—Sarah Adams, acct exec.

HELENA CHEMICAL CO.
Memphis, Tenn.

Marketing Personnel

Bobby Pace, sales mgr
Milton Allen, mid-south div mgr

Advertising Agency

Cochran, Sandford, Jones, Memphis—Buz Price, sr vp; Carla Beasley, acct exec.

HAARMANN & REIMER CORP.
Springfield, N.J.

Marketing Personnel

James Reynolds, dir mktg, flavor group
Thomas K. Yamashita, vp-genl mgr, aroma/chemical group
Bob Higgins, dir-sales & mktg, fragrance group
Jerry Murnane, genl sales mgr, flavor group

Advertising Agency

Peabody Corners, Hillsdale, N.Y.—Helga Buettner, acct exec.

AGFA-GEVAERT
Teterboro, N.J.

Marketing Personnel

Rose Marie Monaco, sales promo mgr-consumer and professional div
Diane J. Cielo, adv mgr & sales promo mgr-graphic systems div
Hans Kuhlmann, vp & genl mgr, consumer and professional div

Advertising Agencies

Wegman Associates, Wayne, N.J.—corp—John Gallagher, acct exec.

Kalmar Advertising, Fort Lee, N.J.—consumer prods—Frank Yodice, acct exec.

COMPUGRAPHICS CORP.
Wilmington, Mass.

Marketing Personnel

Celina DiRago, adv coord
Ken Newton, dir mktg

Advertising Agency

(In-house) CG Graphics, Wilmington, Mass—Celina DiRago.

RANK
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Beatrice Cos.

Chicago

($ in millions)

Worldwide	1986	1985	% chg
Sales	11,396	11,858	(3.9)
Net income	232	479	(51.6)
U.S.	**1986**	**1985**	**% chg**
Sales	8,682	9,262	(6.5)
Operating profits	704	644	9.3
Advertising	684	662	3.3
Division sales	**1986**	**1985**	**% chg**
U.S. foods	7,040	6,289	11.9
Consumer prods.	2,337	1,795	30.2
Int'l foods	1,919	1,852	3.6
Avis & other	N/A	821	N/A

Beatrice Cos. has come full circle since 1984 when then-chairman James Dutt bought Esmark Inc. after a battle of wills with Esmark chairman Don Kelly. Last year marked the return of Don Kelly and the dismantling of Mr. Dutt's plan to make Beatrice the "premier worldwide marketer of food and consumer products."

In November, Mr. Kelly, backed by New York investment house Kohlberg, Kravis, Roberts & Co. (under the name BCI Holdings Corp.), led a leveraged buyout of Beatrice. The sale of Beatrice units to reduce corporate debt, begun under Mr. Dutt's reign, continues under Mr. Kelly, the latest being the $1 billion sale of Beatrice's personal products division. The division, including Playtex products, Jhirmack haircare and Almay cosmetics, was sold in early August, 1986, to a group of investors including Joel E. Smilow, chairman and president of International Playtex.

The sale of the personal products division will go a long way in reducing the $6.4 billion debt incurred by BCI Holdings in its takeover of Beatrice last year.

For fiscal 1986 ended Feb. 28, 1986,

WHY BE A LITTLE FISH IN A BIG POND?

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Source: 1985 Survey of Buying Power

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Beatrice earned $232 million from continuing operations, down 51.6%, on sales of $11.4 billion, down 3.9%. For first-quarter 1987, the company reported $2.3 billion in sales, up 4.5% from the same period in 1986. Operating earnings fell 12% to $116 million, mostly because of divested businesses.

Before the second takeover in late 1985, Mr. Dutt continued his attempts to reduce the company's debt from the Esmark acquisition by selling its bakery operations, a home respiratory therapy company, and its foodservice equipment, agri-products and leather operations for a total of about $300 million.

International Playtex sold its Orlane cosmetics unit and Beatrice's STP automotive products company went to Union Carbide, Danbury, Conn., for another $87 million.

After Mr. Dutt's resignation on Aug. 3, 1985, new chairman William Granger stepped up divestiture plans to reduce the overwhelming interest payments on Beatrice's $3 billion debt at the time. No longer did the company target units that didn't fit into the strict definition of "food and consumer products."

Placed on the auction block in late 1985 were the Avis rental car unit, Danskin fashions, Pennaco hosiery and International Jensen car stereo. If those units could be sold, Beatrice's debt-to-capital ratio would be 45%, down from 70% right after the Esmark acquisition. (Eventually, Avis, Danskin and Pennaco were sold but only after KKR took over Beatrice.)

The debt reduction plan, however, placed Beatrice in the path of another peril: The company became a prime takeover target. Enter Don Kelly and KKR, who closed their $6.2 billion buyout of Beatrice on April 17, 1986. Reductionism was prime on their minds as well.

Under Mr. Kelly's tutelage, Beatrice has dumped its Coca-Cola Bottling operations for $1 billion; sold its International Playtex unit for another $1 billion, and begun considering a plan to offer a public stock offering of its International Foods operation.

Falling interest rates also have been a boon to Mr. Kelly's goal of paying the bankers that helped finance his Beatrice buyout and getting the company's operations back in gear after Mr. Dutt's erratic reign.

At the end of Mr. Dutt's tenure as head of Beatrice, 39 of the company's 59 top executives had either been fired or forced to resign, leaving the company without any clear line of management succession and without seasoned marketers at the helm. The last executive to walk away from Beatrice just before Mr. Dutt's firing was William Reidy, senior vp-director of corporate strategy, chief architect of the company's plan to become a worldwide marketing powerhouse. (Mr. Reidy rejoined Beatrice in his former post once Mr. Dutt had left.)

Not surprisingly though, one of Mr. Kelly's major priorities is house cleaning. To date, several key executives have left and have been replaced by people loyal to Mr. Kelly. He also promises a 10% reduction in Beatrice's total work force by yearend 1986, including 300 of the 500 people employed in the corporate offices and at U.S. Foods.

One of Mr. Kelly's biggest reductions came in April when he eliminated the entire corporate and U.S. Foods marketing staff, estimated at 100 people, and the corporate communications staff, estimated at 26 people.

Among top management, the first to leave were David Lipson, cfo; Frank Grzelecki, president-consumer products, and Anthony Luiso, president of U.S. Foods. Mr. Lipson was replaced by Roger Briggs, Mr. Kelly's partner at Esmark, while Mr. Luiso was replaced by Frederick Rentschler, who headed Esmark's Swift/Hunt-Wesson grocery group. Mr. Grzelecki was replaced by Mr. Smilow who became president of Playtex in 1969 and chairman when Beatrice bought out Playtex parent, Esmark, in 1984. He was made head of the consumer products division by Beatrice, but resigned and became part of an investor group that took Beatrice private.

Joining Beatrice from the outside were Edward Gustafson and John Grant, two Miles Laboratories execs who will act as middlemen between Mr. Rentschler and the food unit's day-to-day operations.

As for Beatrice's over-all corporate marketing vehicles, Mr. Kelly has scrapped the company's $30 million "We're Beatrice" corporate name awareness campaign via HCM, Chicago. He also has halted Mr. Dutt's $70 million investment in Formula I and Indy automobile racing. With the same brush stroke, Mr. Kelly eliminated Beatrice's Special Events divisions, but the company will remain a sponsor of America's Marathon/Chicago. Beatrice management also reduced agency commissions for media buying and other agency services to 8% from 12.5%, agency sources say.

The Esmark acquisition brought Beatrice the Hunt-Wesson nationwide distribution system—the perfect channel to move its various regional brands into national distribution. While many of the nongrocery lines are strong financial performers, as a group they have proved too unwieldy to run profitably.

Mr. Dutt's plans left Beatrice with one strong unit—U.S. Foods.

Each segment of the grocery unit—dairy, grocery and meats—has a strong, national distribution system which is one of the keys to success in the food business.

Last year, Beatrice began moving its County Line cheese out of its midwestern markets and into major cities like Boston, Los Angeles, New York and San Francisco. Measured ad spending jumped 127% to $5 million to back the effort.

La Choy canned Chinese food products had its ad spending boosted 508% to $8 million last year in an effort to gain additional distribution.

Swift Meats' advertising grew by 27% to $15 million last year on the strength of two new Butterball products. Beatrice has been trying to expand the brand name out of its niche as a whole turkey producer and into turkey parts and lunch meats.

Last year, Butterball added Breast of Turkey in barbecue and hickory smoked varieties. The company also began testing in Florida a 21-item line of turkey-based cold cuts. The product was so successful in test, Beatrice wanted to roll it into national distribution, but was held back by product difficulties, a Beatrice spokesman says. Grey Advertising, New York, handles.

Other Beatrice food products which received added advertising support in 1985 were Orville Redenbacher popcorn, up 16% to $11.8 million; Fisher Nut, up 20% to $6.5 million, and Wesson oil products, up 89% to $19 million.

Those food products whose measured ad spending dropped include Swiss Miss, down 54% to $5.3 million; Eckrich meats, down 54% to $4.5 million; Tropicana juice products, down 27% to $9 million; Hunt's tomato products, down 8.5% to $16.2 million, and Martha White bake mixes, down 13% to $800,800.

The sale of the personal products division also is expected to loosen several products from the new owners to lessen their debt.

In fact, it was reported at the time of the sale of the division that Revlon Group was buying Max Factor, Almay and Halston cosmetics for a reported $375 million.

During the year, International Playtex added a new tampon to its line, Playtex Plus Deodorant Tampons, and boosted its measured ad budget 95% to $8.2 million. The brand holds a 33% share of the $1 billion category.

Ad spending for the Almay line of cosmetics more than doubled to $17.3 million to back its new skincare line. Jhirmack added 40% to its ad budget, bringing it to $12.3 million to back two new shampoo and conditioner varieties. Samsonite's ad budget grew 18% to $3.2 million behind a new tv campaign touting the product's durability.

Spending for Culligan drinking water remained flat at slightly more than $4 million, but should increase in 1986 behind the test of home bottled water in central Florida, which began in May.

Playtex intimate wear spending also was unchanged at $15 million despite the introduction of Right for Me bras for smaller breasted women. International Playtex ad spending fell for several products, including Danskin (down 68% to $258,500). Avis spending was down 7% to $11.2 million.

Measured ad spending also fell for Max Factor, down 7% to $9 million; Halston perfumes, down 92% to $2.3 million and Halston sportswear, down 35% to $55,800.

Most of the shifts in Beatrice ad spending can be attributed to the sale of some of its subsidiaries, calling for a different media mix among the remaining brands. The most dramatic shifts: Newspapers fell 93% to $8.8 million; network cable spending was down 55% to $2.3 million; spot radio spending zoomed up 308% to $12.2 million, and network radio rose 63% to $5.5 million. Network tv spending was flat at $111.6 million.

Major agency changes at Beatrice include:

- Fisher Nut (an account worth $4 million) to J. Walter Thompson USA, Chicago, from Leo Burnett Co., Chicago.
- Swiss Miss cocoa and puddings ($3 million) to JWT from Bozell, Jacobs, Kenyon & Eckhardt, Minneapolis.
- County Line cheese ($5 million) to BJKE from D'Arcy Masius Benton & Bowles, Chicago.
- Tropicana orange juice ($15 million) to Burnett from DMB&B, New York.
- Burrell Advertising, Chicago, appointed its first agency for black-oriented advertising.
- International Playtex consolidated its international advertising efforts at Grey Advertising, New York, previously split between Grey and Saatchi & Saatchi Compton Worldwide.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$43,113	$42,388
Newspaper	8,773	12,340
Newsp. supp.	889	657
Bus. pubs.	1,379	719
Network tv	111,640	108,312
Spot tv	53,381	55,758
Network radio	5,456	3,345
Spot radio	12,198	2,986
Outdoor	460	255
Network cable	2,260	5,085
Total measured	239,548	231,845
Unmeasured	444,452	430,160
Total	684,000	662,006

BCI HOLDINGS CORP.
2 N. LaSalle St.
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(312) 782-3820

Corporate Personnel

Donald P. Kelly, chmn
Roger T. Briggs, vice chmn-cfo

U.S. FOODS
Corporate Personnel

Frederick B. Rentschler, president

PLAYTEX/CONSUMER GOODS
Corporate Personnel

Joel E. Smilow, president

INTERNATIONAL FOODS
Corporate Personnel

William Mowry, president

Advertising Agencies

D'Arcy Masius Benton & Bowles, New York—U.S. food segment, new prods—T.S. Burnett Jr., sr vp. Reddi Wip whip cream—Jeff Guerrant, acct super.

Bozell, Jacobs, Kenyon & Eckhardt, Minneapolis—Bonkers, Martha White flour & mixes, County Line cheeses—Steve Chase, sr vp, Bonkers; Ron Harvieux, acct super, Martha White flour; Steve Gumingo, acct exec.

Leo Burnett USA, Chicago—Berliner & Marx veal, Eckrich processed meats, E.W. Kneip corned beef, Plume de Veau veal, Lowry's snack foods, Samsonite prods, Tropicana prods—Marv Polack, acct super; Rick Brenner, acct super, Berliner & Marx veal, Eckrich processed meats, E.W. Kneip corned beef, Plume de Veau veal; Catherine Galuzza, acct exec, Lowrey's snack foods; Ray Pokorny, acct exec, Samsonite prods; Ted Jordan, acct exec, Tropicana prods.

Burrell Advertising, Chicago—black adv—Charles L. Wembley, sr vp-dir client services; Eugene Morris, sr vp-mgmt super; W. Potter, acct super.

Dailey & Associates, Los Angeles—Hunt's All Natural barbecue sauce, Sunlite oil, Peter Pan peanut butter—Steve Chabre, exec super, Hunt's All Natural barbecue sauce; Brian Morris, exec vp-mgmt super, Peter Pan peanut butter.

Dawson, Johns & Black, Chicago—Rusty Jones rust preventative—Larry Ateaff, acct super; Bob Kumaki, acct exec.

Grey Advertising, New York—Danskin garments, Swift Brown 'N Serve sausage, Butterball turkey, Sizzlean sausage, ham, bacon; Playtex bras, nurser, tampons; Van Vagenen & Schickhaus franks—Jeff Stein, sr vp-mgmt super; David Rosenberg, vp-mgmt super; Simon Abrahams, acct super.

HBM/Creamer-Albert J. Rosenthal, Chicago—Intl Jensen Discwasher—Paul Spector, acct super; Jim Campbell, vp.

HCM, Chicago—Meadow Gold dairy prod, Viva milk & cottage cheese, Louis Sherry ice cream, Culligan water treatment, Stiffel lamps, Del Mar & Louver Drape window coverings.

Ketchum Advertising, San Francisco—Hunt's catsup, Manwich & tomato prods, Orville Redenbacher popping corn & oil, Soup Starter, Stew Starter, Wesson oil—Jeff Manning, Diane Snedaker, Lynne Upshaw, sr vps-group dirs.

Korey, Kay & Partners, New York—Halston fragrances, Almay—Jennifer Johnson, acct exec.

Mandabach & Simms, Chicago—Beatrice cheese foodservice, Beatrice warehouses—Lee Lipman, exec vp.

Rosenfeld, Sirowitz & Lawson (RTC), New York—Jhirmack haircare prods—Jane Hottenson, acct super; Fay Cohen, acct exec.

Stern Walters/Earle Ludgin, Chicago—International Entrees—Charlie Featherstone, acct super; Scott Shiav, sr vp-mgmt rep.

J. Walter Thompson USA, Chicago—Aunt Nellie's canned vegetables, Beatrice International food segment, La Choy canned, frozen entrees & soy sauce, Rosarita canned & frozen foods, Swiss Miss pudding bars & cocoa, Fisher nuts—Dick McCullough, sr vp. Los Angeles—Arrowhead, Great Bear & Ozarka bottled water—Mark Lehman, acct super.

Wells, Rich, Greene, New York—Max Factor cosmetics—Bill McGivney, acct super; Linda Baron, acct exec.

Beecham Group plc

RANK
42

Brentford, Middlesex, U.K.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	3,292	2,896	13.7
Net income	424	407	4.3
U.S.	**1986**	**1985**	**% chg**
Sales	1,008	1,044	(3.5)
Operating profits	104	129	(19.1)
Advertising	186	178	4.4
Division sales	**1986**	**1985**	**% chg**
Pharmaceuticals	895	817	9.5
Consumer prods	1,351	2,022	(33.2)
Cosmetics	872	N/A	N/A
Home improve.	107	N/A	N/A

Beecham Group plc, seeking more dynamism in the front office and its product lines, took remedial steps during fiscal 1986 by replacing its chairman and chief executive and purchasing Norcliff Thayer, U.S. marketer of Tums, Oxy, Avail and No Salt.

Lord Keith of Castleacre, an outside director and vice-chairman, was moved into the top spot in November, 1985, replacing Sir Ronald Halstead, who had held the post since 1984. The move was cited by analysts as an attempt to bring dynamism to the company from the top down. Beecham, although showing relatively good sales and earnings performances per annum (it ended 1986 with sales up 13.7% and profit up 4.3% in pound sterling), has been slow to both react to and introduce new products within its product categories.

Then in January, 1986, Beecham continued its method of U.S. growth through acquisition. It purchased Norcliff Thayer, Tarrytown, N.Y., from Pantry Pride's Revlon Inc. for $395 million.

Industry analysts estimate Norcliff Thayer's annual sales at about $165 million.

The company joined Beecham's stable of independent U.S. operating companies that includes Beecham Consumer Products, Pittsburgh; Beecham Cosmetics, Chicago; Germaine Monteil Cosmetiques, New York; Beecham Home Improvement Products, Dayton, O., and Beecham Laboratories, Bristol, Tenn.

Sales from these units along with operations in Canada, Mexico and South America contribute $1 billion, or 38.7% of Beecham's worldwide sales total in 1986. Operating profits in the Americas declined by 19.4% to $104.3 million during the fiscal year, partially because of the effects of the strong dollar.

Beecham financial figures for the Americas were translated into U.S. dollars at the rate of $1.2648=£1 for both 1985 and 1986 fiscal years.

Beecham Consumer Products division was busy defending its Aqua-Fresh toothpaste in the $1 billion market segment, in which most of the players lost market share to Procter & Gamble's Crest because of P&G's highly successful introduction of tartar-control Crest formula.

Aqua-Fresh has seen its share gradually erode from 12% in 1984 to 11.5% in early 1986. Aqua-Fresh made apparent moves to reposition itself by extending its line to include a two-color Aqua-Fresh for children flavor. Through 1985, measured advertising for the toothpaste increased by 12.3%, to $25.8 million, according to Leading National Advertisers.

In comparison, Crest showed an estimated $90 million in total market spending for its line.

Spending increased 47% on Massengil products, a line the company says holds a 50% share of its feminine hygiene segment. Spending increased for Sominex 2 sleeping aid, which drew $5.1 million in measured spending, up 23%, and Vivarin stimulant tablets, which got $2.5 million, up 48%.

Beecham also heavily promoted its cough and cold remedies. Through calendar 1985, measured spending increased for N'Ice sugarless lozenges, up 34% to $2.3 million and Children's Sucrets, up to $1.4 million from only $680,000 in 1984. Adult Sucrets drew $4.2 million, virtually even with the previous year.

Other big spenders in the Beecham Consumer line include Cling Free fabric softener, down 23% to $5.2 million; Geritol, down 6.7% to $8.5 million; Aqua Velva aftershave, down 11% to $4.2 million, and Calgon bath products, down 63% to $2.9 million.

Beecham Consumer Products had several new rollouts in 1985. A mousse formula of Brylcreem was supported with a network tv spot reviving the "A little dab'll do ya" slogan. The company also introduced Delicare, a fine-fabric liquid laundry detergent, with tv spots positioning it directly against Boyle-Midway's Woolite.

Spending for Beecham Cosmetic's Jovan line of fragrances for men and women increased by 28.4% over 1984 to $4.8 million. Jovan musk oil for men drew the largest individual total of $1.4 million. The Yardley line declined to $47,600 from more than $295,000 in measured advertising in 1984. Vitabath products drew $233,100 in spending during 1985.

Beecham plans to introduce a number of new products by fall, 1986. These include an Adidas fragrance and self-care products for men, Vitabath Plus body care products, Jovan shower and bath cleansing gel, and Gambler cologne musk. The Tuvache product line, transferred from Monteil to Beecham, was relaunched in 1986.

A $1.1 million spending push was given to the Titiana fragrance under the Diane Von Furstenberg line of Germaine Monteil. The Lancaster treatment line, also carried by Monteil, drew measured spending of only $95,900.

"It hasn't been a very good year for Jovan. The entire middle range [of fragrance] had it tough with sagging consumer support," says Allan Mottus, a health and beauty products industry consultant and publisher of "The Informationalist" newsletter. He says the Vitabath line has done well, however. Mr. Mottus estimates Beecham pulls about 3% of the $7.7 billion women's cosmetic, fragrance and treatment market.

"The U.S. operation of Germaine Monteil is not doing very well, and Beecham has let the trade know it would like to sell it. I think Beecham would like to get out of the department stores altogether, and the sale of Monteil would tie into that," Mr. Mottus says.

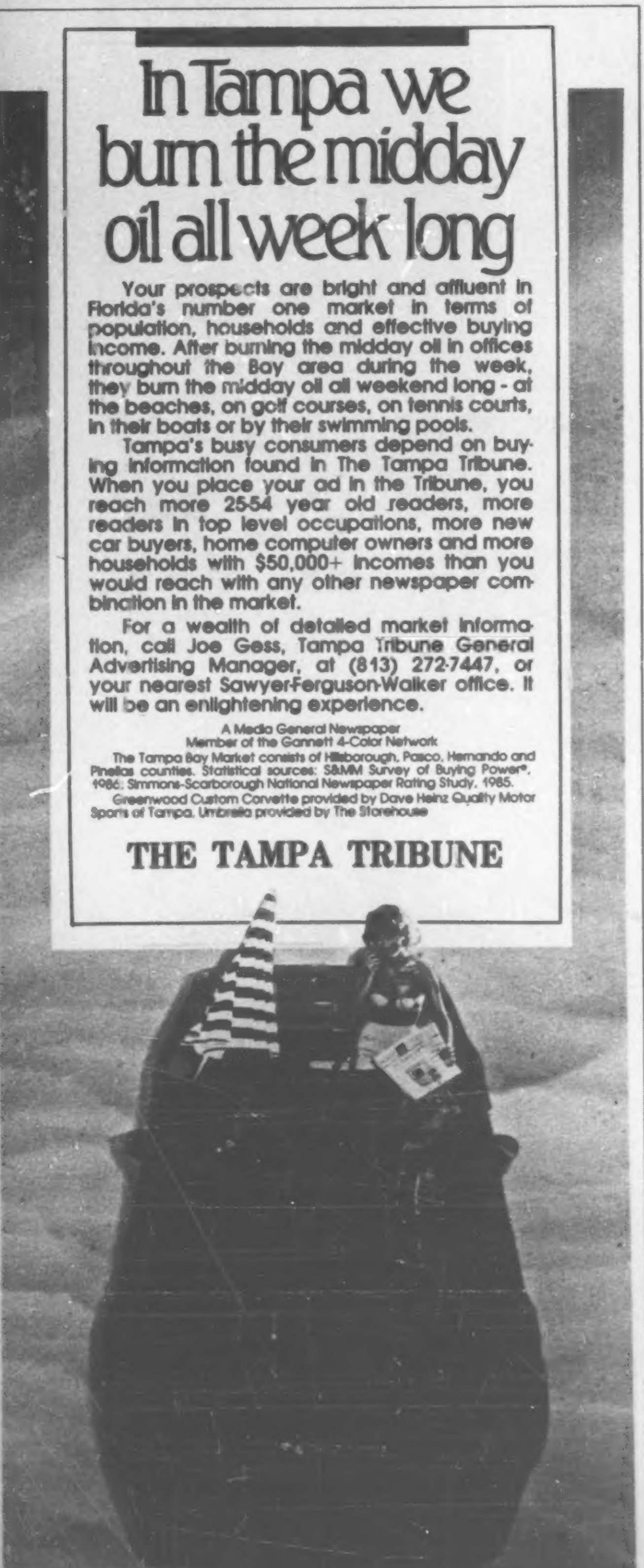
His assessment of the most recent Beecham acquisition, Norcliff Thayer, is more favorable: "Even though it was an expensive purchase, it has turned out to be a good one." Operations of Norcliff Thayer were included under Beecham Group beginning Jan. 1, 1986. Its line of health aids and over-the-counter products includes Tums antacid, Oxy acne medications, Avail multivitamins for women and No Salt.

Spending on Tums, the antacid market leader, was measured at $9.4 million in 1985, up 28.8%. A Tums campaign, positioning it as an economical source of calcium for women, also won it a share of the calcium supplement market, a company spokesman says. Oxy products were supported with about $1.1 million in 1985 measured spending, down from about $4.2 million; Avail drew $1 million (no expenditures were recorded for Avail in 1984 by LNA), and No Salt, $1.3 million, up from $601,000.

Beecham Home Improvement Products, a marketer of caulks, sealants, preservatives and adhesives, budgeted an estimated $2 million in advertising for calendar 1985. It utilized some of its budget through the sponsorship of "Do-It-Yourself Moments," a syndicated package of one-minute tv featurettes on home improvements that feature DAP and Weldwood products. DAP previously had underwritten the "Do-It-Yourself Show," a weekly half-hour series on the Public Broadcasting Service.

B-M underwrites tv programs

Bristol-Myers is entering the tv sitcom business for the 1987-88 season, paying $10 million in production costs to Group W Tv Station Group for a half-hour sitcom and several one-hour public service health specials to run on Group W stations. B-M, forking out $250,000 per health special and $9 million for the sitcom, is seeking similar arrangements with other producers.



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Greenwood Custom Corvette provided by Dave Heinz Quality Motor Sports of Tampa. Umbrella provided by The Storehouse

THE TAMPA TRIBUNE

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,739	$4,240
Newspaper	0	203
Newsp. supp.	31	0
Bus. pubs.	546	565
Network tv	83,108	84,034
Spot tv	15,939	10,751
Network radio	1,069	894
Spot radio	132	4
Outdoor	43	0
Network cable	826	38
Farm pubs.	889	1,096
Total measured	106,322	101,824
Unmeasured	80,000	76,616
Total	186,322	178,440

BEECHAM PRODUCTS DIVISION
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(412) 928-1000

Marketing Personnel

Mark D. Lees, vp-mktg
Richard F. Creighton, vp-mktg services
R.M. Lancaster, vp-sales

Advertising Agencies

Avrett, Free & Ginsberg, New York—Brylcreem, Lectric Shave, Calgon water softener, Delicare, new prods—Jack Avrett, chmn; Frank Ginsberg, president; E. Bingo Wyer, sr vp-mgmt super; Lawrence Reigel, sr vp.

Cunningham & Walsh, New York—Cling Free, Fruit-Fresh, N'Ice, Sominex 2, Sominex 2 Pain Relief Formula—Roger D. Groves, sr vp; Maureen Mara, vp-mgmt super; Debbie Ludgate, vp-acct super.

Grey Advertising, New York—Aqua-Fresh, Aqua Velva aftershave, Calgon bath prods, Geritol, Massengil, Sucrets, Vivarin, new prods—Robert Burruss, sr vp.

BEECHAM COSMETICS USA
Chicago

Corporate Personnel

Barry E. Shipp, president
Joseph Aramana, exec vp

Marketing Personnel

Peggy Sommerfield, vp-adv & dir-creative services
Greta Debofsky, vp-pr

JOVAN INC.

Corporate Personnel

Albert Bistany, sr vp-coo
Don Deegan, sr vp

Marketing Personnel

Susan Harris, dir-mktg
Carol Brennan, dir-mktg
Sean Greene, sr vp-sales

YARDLEY OF LONDON

Corporate Personnel

John Small, sr vp-coo

Marketing Personnel

John Southern, vp-sales
Chris Broxon, dir-mktg
Valerie Marron, dir-mktg

VITABATH

Corporate Personnel

Alex Kessler, vp-genl mgr

Marketing Personnel

Jan Mangos, prod mgr
Peter Whitaker, mktg dir
Bob Gould, vp-sales

Advertising Agency

Wagner & Associates, Chicago—Jovan cosmetics & perfumes, Yardley of London, Lentheric, Tuvache, Vitabath—Gayle Matthies, acct mgr; Mary Koelle, team dir.

GERMAINE MONTEIL COSMETIQUES
New York

Corporate Personnel

Steve Rohr, president

Marketing Personnel

Sandi Burrows, vp-mktg & adv
Candace Corlett, mktg dir-treatment
Shelley Weinstock, mktg dir-fragrances
Brook Betts, creative dir, Beebe & Sons

Advertising Agency

(In-house) Beebe & Sons, New York—Brook Betts, creative dir.

NORCLIFF THAYER
Tarrytown, N.Y.

Corporate Personnel

Theodore Williams, sr vp

Marketing Personnel

Paul Fraioli, group mktg dir, dir-media services
Eileen Fischer, group mktg dir, dir, new prods
Wayne Whitney, sr prod mgr, No Salt, Orafix, Esoterica, Liquiprin, A-200
Paul Madzik, brand mgr, Tums
Teri Rohn, brand mgr, Oxy5, Oxy10
Maria Mirto, brand mgr, new prods
Karen Ahern, brand mgr, Avail, new prods

Advertising Agencies

Jordon, Manning, Case, Taylor & McGrath, New York—Tums, Oxy, Avail—Robert Patton, sr vp-mgmt super; James Eich, acct super, Oxy; Michelle Weidner, acct super, Tums, Avail; Lisa Bell, Francesca Morselli, acct execs.

Carrafiello Diehl & Associates, Irvington, N.Y.—No Salt, Esoterica, Liquiprin, A-200—Bob Brandt, acct super; John Muhlfeld.

BEECHAM HOME IMPROVEMENT PRODUCTS
Dayton, O.

Marketing Personnel

Gary Cannella, dir-mktg

Advertising Agency

Cunningham & Walsh, New York—DAP caulk & seal, Weldwood adhesives, Derusto coatings, Woodlife wood treatments, Permabond super glue—Nathaniel Allan, managing dir; Thomas Kirmayer, mgmt super; Jim Kruse, vp-assoc creative dir.

BEECHAM LABORATORIES DIVISION
Bristol, Tenn.

Corporate Personnel

R. Paul Tatman, president
T.G. Wood, exec vp

Marketing Personnel

Edward Ruane, vp-sales
Robert L. Widerkeher, vp-animal health div
Jack Johnson, mktg dir
John Battel, natl sales mgr

Advertising Agencies

Frank J. Corbett, Chicago—Timentin, Augmentin, Amoxil, Nucofed, Ticar, oral antistaphs, injectable antibiotics—Jim Miller, exec vp; Bill Marotti, vp; Ken Stevens, acct super.

Charles Tombras Advertising, Knoxville, Tenn.—veterinary pharmaceuticals—John Welsh, Guy Seymour, acct execs.

Trunk/Shea & McCaffrey, Clifton, N.J.—Tigan, Anexsia-D, Fastin—dePaul R. Trunk, president; Thomas G. Shea, vp.

Bristol-Myers Co.

New York

RANK **26**

($ in millions)

Worldwide	1985	1984	% chg
Sales	4,444	4,198	5.8
Net income	531	472	12.5
U.S.	**1985**	**1984**	**% chg**
Sales	3,380	3,149	7.3
Operating profits	684	593	15.3
Advertising	344	348	(1.0)
Division sales	**1985**	**1984**	**% chg**
Pharmaceuticals	1,753	1,587	10.5
Nonprescription	1,231	1,156	6.5
Toiletries	1,020	1,021	(0.1)
Household prods	439	426	3.1

Bristol-Myers kept advertising expenditures in 1985 slightly ahead of 1984 levels as it experienced low sales in its consumer groups. Now, sales are on the upswing, despite a setback in mid-June, 1986, when the company withdrew all Extra-Strength Excedrin capsules from the market after tampering incident that led to two deaths.

Over-all, corporate advertising and promotional expenses rose to $775.8 million worldwide in 1985, up 4.3%, an increase that represents less than half the compound annual rate from 1981 to 1984, according to Salomon Brothers, New York. Of the total, promotional dollars rose substantially by 6.8% to $519.5 million in 1985, while total ad expenditures declined 0.4% to $256.3 million.

Salomon Brothers analyst Patricia Lea attributes the over-all contraction in spending to low consumer sales growth last year. But consumer sales are reviving in 1986, and ad spending is expected to grow, Ms. Lea says. B-M's consumer product sales should grow 3.4% this year compared with 1.9% last year, she predicts.

Bristol-Myers faced a major scare in mid-June when two deaths were reported in the Seattle area caused by cyanide poisoning traced to Extra-Strength Excedrin capsules. B-M ordered a nationwide withdrawal of Excedrin capsules. Later the same week it halted the sale of capsule forms of its Datril and Bufferin pain relievers and Comtrex cold products and moved to end its capsule lines at a cost of $38 million.

As a result of product tampering and measures taken by B-M, its second-quarter net income dropped 4% from the previous year to $119.3 million because of a $19 million (after-tax) charge. Sales were up 8.5% to $1.17 billion over the year-earlier period. Earnings advanced 7% to $263.9 million for the first six months of its current fiscal year on sales of $2.36 billion, up 9%.

In its pharmaceutical division, B-M last October bought Genetics Systems Corp., a biotechnology company based in Seattle. It paid about $300 million in stock. B-M also launched BuSpar, a major new anti-anxiety drug, overseas in preparation for entry into the U.S. this year. Both could contribute as much as $600 million in additional revenue by the end of the decade, representing the company's fastest prospects for growth. Genetic Systems should bolster B-M's already dominant position in chemotherapy and other anti-cancer drugs.

Advertising and promotion was heavily weighted toward B-M's consumer products group last year, especially in support of Clairol, Nuprin, Excedrin, Bufferin and Ban.

Clairol launched Ultress hair coloring gel with $6.4 million in tv and magazine backing, according to Leading National Advertisers, which covers seven media. Despite the new product introduction, Clairol products posted an 8.4% decline in measured media spending to $41 million as the group recorded an over-all flat sales performance in 1985. But it maintained its dominance in the domestic hair coloring market, with a 65% share, down slightly from 67% in 1984. Clairol advertising continued to decrease (from nearly 40% of total company ad expenditures in 1981 to about 30% in 1985) and apparently influenced an agency consolidation; longtime agency Foote, Cone & Belding was dropped while key assignments were moved to three other top Clairol agencies, Doyle Dane Bernbach; Laurence, Charles, Free & Lawson, and Grey Advertising.

Despite Clairol's dominance, the division has felt pressure as L'Oreal continues to grow. Cosmair's line of L'Oreal products has grown to a 27% market share with Preference and Avantage. Vidal Sasson is also a growing competitor.

According to Salomon Brothers' estimates, Nice 'N Easy has experienced a declining market share, from 31% in 1981 to 25% in 1985. Loving Care, Clairol's second most important brand, also has slipped slightly to a 12% share of market last year.

Ultress gave Clairol a boost as the new product grabbed about 5% of the total Clairol hair coloring sales in 1985. Ultress' total share of market, according to Salomon Brothers, grew from 1.2% in 1984 to 12.5% last year. Hair coloring products account for one-half of Clairol's revenues.

Ban Solid deodorant and antiperspirant bowed with about $10 million in measured media weight to bring total spending for the Ban line to $15 million, up 49%. The company's total deodorant sales rose 11% last year, much of this growth attributable to Ban Solid. Other contributors are Ban (regular) and Tickle. Total share of the deodorant market has declined from a high of 12.7% in 1981 to 9.3% in 1985, according to Salomon Brothers. The division also was outspent by Gillette (Dry Idea, Right Guard), Mennen (Speed Stick) and Procter & Gamble

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Sure and Secret). Mennen dominates the $1 billion category.

Westwood Pharmaceuticals, the Buffalo-based Bristol-Myers' subsidiary, continued its successful assault on the consumer market with Keri Lotion, a skin cream introduced to the nonclinical market in 1983. Keri sales grew 9% to $32 million, or about one-third of Westwood's total revenues. Keri ranks second in the market with an 8% share to Chesebrough-Pond's Vaseline Intensive Care's 20% share.

The Drackett Co., another B-M subsidiary, introduced Lemon Windex in 1985, but its Endust and Behold furniture cleaners and waxes ran up against a stronger S.C. Johnson & Sons, which introduced Duster Plus to the furniture dusting market. Drackett, with a 10% share of the $250 million-plus furniture polish and wax category, already trailed market leader S.C. Johnson, maker of top-selling Pledge, by a margin of nearly 20 percentage points.

B-M and American Home Products continued to battle for market share in the analgesic market in the shadow of dominant Johnson & Johnson, maker of Tylenol. B-M's acetaminophen-based product, Datril, continued to lag AHP's Anacin-3 into the first quarter of 1986. According to Salomon figures, Anacin had a 4% market share while Datril trailed with 1.2%. The product has declined slightly in share since 1984. J&J leads with a 34% share of market. Datril also trails Sterling Drug's Panadol, which had a 3.1% share during the same period.

By the end of 1985, B-M still led AHP by a slight margin in the over-all analgesic market with a 16.5% share. However, in the first quarter, AHP bounded ahead to a 19% share (B-M declined to 16.4%) mainly on the growing popularity of Advil, its ibuprofen entry. B-M's ibuprofen Nuprin had only a 2% share by the end of 1985 to Advil's 5%.

Nuprin's lag came despite a substantial increase in media weight in 1985 to $28.4 million, up 20%. Advil had $35 million in backing, up 43%. Analysts expect both products to undergo substantial marketing changes this fall; Johnson & Johnson, Upjohn and AHP each will introduce more ibuprofen products. Nevertheless, analysts expect the growing popularity of ibuprofen-based products in general to benefit Nuprin: "Nuprin revenues [should] rebound to around $40 million in 1986, reflecting increased advertising spending and a more competitive voice share," according to Salomon's Ms. Lau. Over-all, B-M's analgesic's group is expected to better 1985's sales growth of 2% to 3%.

Extra-Strength Excedrin ad spending dropped 4% to $14.5 million, according to LNA, while Bufferin advertising grew 17.7% to $11.4 million. B-M's aspirin product, Excedrin, while briefly hurt by the June recall, had been undergoing a market-share erosion. The family of products had an 8.1% share in 1985 to Anacin's 8% (Excedrin also leads B-M's Bufferin and Sterling's Bayer.) However, the product has suffered a decline since 1982.

B-M expected to halt its four-year market plummet in cold remedies with the introduction this year of Comtrex allergy product. Comtrex cold remedy, B-M's only significant product in the over-the-counter cold remedy market, had a 5% share last year. Measured ad spending of $9.8 million was up 10.1%.

B-M plans the stateside introduction of BuSpar at the end of the year following a poor showing for the nonaddictive, nonsedating, anti-anxiety drug in West Germany, its sole market to date. BuSpar, to be produced by B-M pharmaceutical subsidiary, Mead Johnson, will take on the dominant drug of the benzodiazepine family, Valium.

Some analysts originally expected BuSpar to generate as much as $300 million in 1990, but a poor reception in West Germany—only $3 million in sales in 1985—has led Salomon Brothers and others to cut back revenue estimates to $150 million by the end of the decade. The drug lacks the quick action that Valium and other antidepressants offer, according to Salomon.

The purchase of Genetic Systems Corp. last October should give B-M a strong boost in expertise in monoclonal antibodies, which identify and battle cancerous cells. B-M is the leading producer of cancer chemotherapeutics in the U.S. with about $175 million in sales, but the company faces strong competition from "generic" producers of such drugs. Also, the company's brands lose their proprietary protection in 1988.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazines	$28,435	$32,624
Newspapers	1,995	999
Newsp. supp.	727	613
Bus. pubs.	213	281
Network tv	127,642	122,552
Spot tv	17,082	16,996
Network radio	291	1,520
Spot radio	905	1,859
Outdoor	1	7
Network cable	4,636	6,242
Farm pubs.	459	290
Total measured	182,166	183,934
Unmeasured	162,127	163,700
Total	344,293	347,634

BRISTOL-MYERS CO.
345 Park Ave.
New York, N.Y. 10154
(212) 546-4000

Marketing Personnel

Marvin Koslow, sr vp-mktg services
Harry Levine, vp-corp communications
Peter J. Spingler, vp-adv services

CONSUMER PRODUCTS GROUP

Corporate Personnel

Nicholas Evans, president

BRISTOL-MYERS PRODUCTS DIVISION

Corporate Personnel

Ronald Ahrens, president

Marketing Personnel

Stephen Bror, sr vp-mktg & sales

Advertising Agencies

Ally & Gargano, New York—Datril—James Feeney, sr mgmt super; Frank D'Angelo, acct super; Maureen Morgenes, acct exec.

Doyle Dane Bernbach—Excedrin—Reis Laik, exec vp; Lucille Coragno, sr vp-mgmt super; James Barickman, vp-acct super; Lorraine Arado, acct exec.

Grey Advertising, New York—Four-Way, Nuprin, Vitalis, Ban Roll-On—Clark Montgomery, exec vp; Herbert Leibenstein, sr vp.

Laurence, Charles, Free & Lawson, New York—Bufferin, Congespirin—Susan Holson, mgmt acct super; Rose Napolitano, acct exec. Comtrex—Robin Coval, mgmt acct super; Brian Newberry, asst acct exec.

DRACKETT CO.
Cincinnati, O.

Corporate Personnel

William Fleckey, president

Marketing Personnel

John Hansen, vp-mktg

Advertising Agencies

Fahlgren & Swink, Cincinnati—Twinkle, O'Cedar—Tim Seifert, president, Cincinnati div; Vincent Buckley, vp client-mgmt super; Marty Schwalbe, acct exec.

Grey Advertising, New York—Behold, Drano Crystals, Drano Liquid, Windex—Harvey Robinson, mgmt super.

Laurence, Charles, Free & Lawson, New York—Automatic Vanish, Prepared Vanish, Bowl Brite, Endust, Nutrament, Renuzit Roommate, Renuzit Adjustable, Fresh 'n Dry—Richard Goldschmidt, super, Vanish, Endust; Margo Jackson, asst acct exec, Vanish, Endust; Tom Weiss, super, Renuzit; Brian Mittmer, asst acct exec, Renuzit.

CLAIROL

Corporate Personnel

C. Benjamin Brooks Jr., president
Gerald Beddall, president, consumer prods div
Michael DeGennaro, president, professional prods div
F. Peter Cuneo, president, personal care div

Marketing Personnel

Nancy Flinn, vp-mktg, professional prods div
John Louise, vp-creative services, consumer prods div
Michael Powell, vp-mktg, personal care div
William Lynch, vp-sales, consumer prods div
William Rooney, vp-sales, professional prods div

Advertising Agencies

Calet, Hirsch & Spector, New York—Clairol appliances, Klorane—Terri Gibralter, mgmt super; Nancy Zide, acct exec.

Doyle Dane Bernbach, New York—Final Net, Loving Care, Nice 'N Easy, Sea Breeze, Highlighters—Reis Laik, exec vp; Milton Harkrader, group sr vp; Marianne Moore, vp-acct super; Lisa Baker, Karen Matthews, acct execs; Kim Kramer, asst acct exec.

Grey Advertising—Clairesse, Miss Clairol, Ultress.

Gleckler & Spiegel—Pazazz, Clairol PPD (salon), divisional trade adv—Gayle Gleckler, chmn-creative dir; Joel R. Spiegel, president; Michael Levine, dir-acct services; Susan

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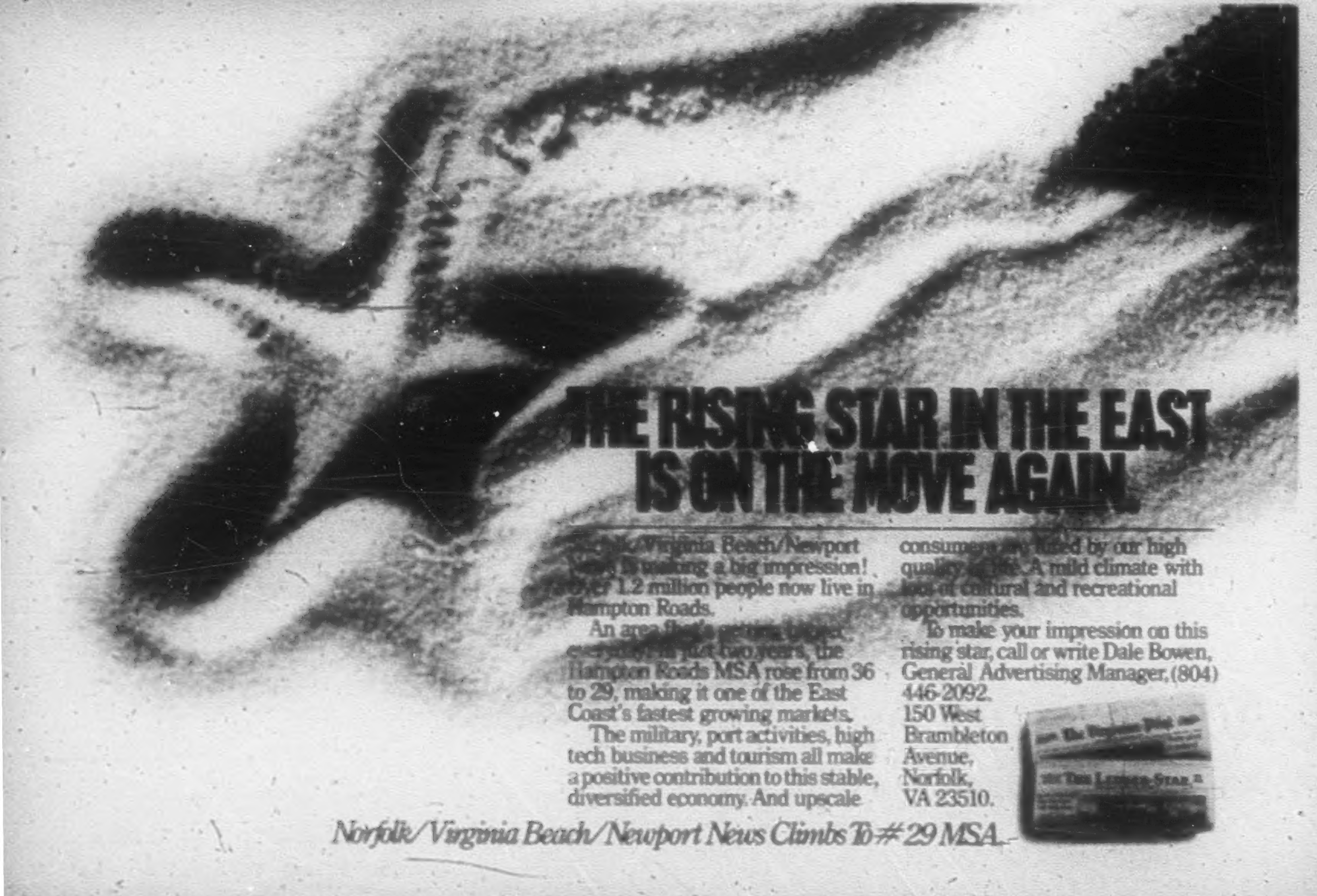

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Roehlis, acct super; John Amado, creative dir; Laura Zinn, copywriter; Heidi Amsterdam, rt dir. In-house—corporate adv, Props.

Laurence, Charles, Free & Lawson, New York—Condition—Linda Tilton, mgmt super; Mary Ann Somers, asst acct exec.

Wiseltier & Partners—Clairol PPD (salon)—Catherine Gorayeb, acct super.

BRISTOL-MYERS PRODUCTS CANADA

Corporate Personnel

Gene Leykish, president

Marketing Personnel

G.D. Findlay, vp-sales

MONARCH CROWN

Corporate Personnel

M. Arthur Wilson, president

Marketing Personnel

Walter Loving, vp-sales

HEALTH CARE GROUP

Corporate Personnel

Charles A. Heimbold Jr., president

ZIMMER

Warsaw, Ind.

Corporate Personnel

Thomas Hughes, president
Ronald Davis, exec vp

Marketing Personnel

David Mercer, vp-mktg

UNITEK CORP.

Monrovia, Cal.

Corporate Personnel

Randall Wall, president

Marketing Personnel

William Reese, vp-mktg & sales

SPECIALTY SURGICAL DIVISION

Corporate Personnel

Robert Helbling, president, Medical Engineering Corp
oseph Cilurzo, president, Jobst
William Cusick, president, Xomed

Marketing Personnel

im Ronk, vp-sales, Medical Engineering Corp
ichard Stolfa, vp-mktg, Medical Engineering Corp
Peter Ermie, vp-sales & mktg, Jobst
Michael Sinclair, vp-mktg, Xomed

U.S. PHARMACEUTICAL & NUTRITIONAL GROUP

Corporate Personnel

Wayne Davidson, president
Raymond Egan, exec vp

BRISTOL-MYERS PHARMACEUTICAL GROUP

Corporate Personnel

Donald Harris, president
Bruce Ross, vp-genl mgr, Oncology div
Gary Gibson, vp-genl mgr, Bristol Laboratories Pharmaceutical div
John Bullock, vp-genl mgr, Mead Johnson Laboratories div
Frederick Brubaker, vp-genl mgr, Mead Johnson Pharmaceutical div

MEAD JOHNSON NUTRITIONAL GROUP

Evansville, Ind.

Corporate Personnel

Howard Willson, presid[illegible]

Marketing Personnel

Kenneth Cable, vp-sales & mktg

Advertising Agency

F.J. Corbett, Chicago—Naturacil—Jim Miller, exec vp-super; Ken Stevens, acct exec.

WESTWOOD PHARMACEUTICALS

Buffalo, N.Y.

Corporate Personnel

Wilfred Larson, president

Marketing Personnel

Barry Burnside, vp-mktg
Jon McGarity, vp-sales

Advertising Agencies

Laurence, Charles, Free & Lawson, New York—Keri lotion, Presun, Fostex—Linda Tilton, mgmt super; Mary Ann Somers, asst acct exec. F.J. Corbett—Alphi Keri, Keri lotion (medical adv), Pre Sun, Staticin/T-Stat, Westcort, Sebulex/Sebucan, Moisturel, corporate adv—John P. Burns, sr vp-acct exec.

BRISTOL-MYERS INTERNATIONAL GROUP

Corporate Personnel

Joseph Maroun, president
Julius Pericola, exec vp
Kenneth Weg, president, Europe, Middle East and Africa div
Richard Malyan, president, Latin America and Canada div
Mitchell Cybulski, president, Japan div

Brown-Forman Co.

RANK 87

Louisville, Ky.

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,290	1,208	7.0
Net income	86	82	6.0
U.S. advertising	94	68	38.1
Division sales	**1985**	**1984**	**% chg**
Wine, spirits	972	905	7.4
Home furnishings	174	156	11.5
Personal products	143	147	(2.7)

Brown-Forman Inc. is hoping its foray into wine coolers through its purchase of Stockton, Cal.-based California Cooler Inc. will heat up sales that are sagging because of a continued drop in consumption of its alcoholic beverage products.

Brown-Forman, which gets 75% of its revenue from wine and spirits, continues to suffer declines in case depletions of its Canadian whiskys and bourbon, and in 1985, it experienced a drop in sales of its Bolla and Cella Italian wines. The primary reasons for the increased sales and earnings during the fiscal year are higher prices and the surging wine cooler business.

California Cooler wine and fruit drink accounted for $11.7 million of the company's seven-media measured spending in 1985, representing 23% of total outlays. Spending was divided 48% network tv, 46% spot tv, 3% cable and 3% other media. Advertising carried the theme "The Real Stuff," emphasizing it was the original cooler and is made with real fruit.

B-F paid $98 million in cash upfront for California Cooler and over the next two years will make payments contingent on case sales volume. Based on current projections, the net cost of these payments could total $44 million, the company says.

California Cooler pioneered the wine cooler category in 1981 and dominated it early on. But the brand steadily has lost market share even as its case sales exploded from a mere 700 in 1981 to about 12 million in 1985. In that period, the retail market for coolers of all types blossomed to about $850 million in 1985 and is projected to approach $1.4 billion in 1986, according to *Impact*, a wine and spirits industry newsletter.

But even as California Cooler's fortunes soared, the brand lost its leading market share early this year to Bartles & Jaymes, a brand introduced early in 1985 by E&J Gallo Winery, the world's largest wine maker. Gallo supported the Bartles & Jaymes brand heavily, spending a measured $17.2 million in 1985, some 75% on network tv and the remainder on spot tv.

There still is room for growth in the wine cooler market, according to *Impact*, which estimates volume will grow to 72.4 million 9-liter cases in 1986, up from 42.9 million cases in 1985. These estimates include Bartles & Jaymes capturing 22%, or 16 million cases, in 1986, up from 7.5 million in 1985. *Impact* projects California Cooler will rank No. 2 with an 18% share in 1986 on sales of 13 million cases, up from 11.5 million cases in 1985. Canandaigua Wine Co.'s Sun Country brand is projected to rank No. 3 with a 13% share on 1986 sales of 9.5 million cases, up from 5 million cases in 1984. Next is Stroh Brewery's White Mountain with projected sales of 9 million cases in 1986, up from 3.2 million in 1985. There are more than 100 cooler-type products.

It will be another year before the California Cooler acquisition will have an effect on B-F income, according to W.L. Lyons Brown Jr., chairman-ceo, pointing out that fiscal 1987 will be the first year of ownership during the all-important spring and summer months.

But where wine coolers have the potential to add revenue, they also are expected to take some away, Brown-Forman says. Research indicates wine coolers tend to attract consumers who would otherwise drink beer or soft drinks, but they also draw against consumption of table wines.

Case depletions for Bolla and Cella, Brown-Forman's leading table wines, were down for the fiscal year ended April 30, 1986. Bolla fell to 1.47 million 9-liter cases in fiscal 1985, down 13%. Cella fell to 2.36 million cases for the year, down 14%. The company attributes part of the declines to an April, 1986, report that Italian bulk table wines were tainted with methyl alcohol, although no contaminated wine reached the U.S.

Brown-Forman spent $5 million in calendar 1985 on measured media for Bolla, unchanged from 1984, divided 48% network tv, 42% spot tv and 10% magazine. Cella received $1.9 million in measured spot tv, down 23% from 1984.

Sales of Korbel champagne jumped 13% in fiscal 1985 to 1 million cases. Korbel spending jumped 24% in 1985 to $1.9 million, almost entirely in magazines.

Brown-Forman's revenues for the fiscal year were $1.3 billion, up 7% from 1984. Net income was $86.4 million, up 6%. First-quarter net income for the period ended June 30, 1986, was $18 million, down 2%, on revenues of $333 million, up 19%.

Revenues from wine and spirits for fiscal 1986 rose 7%, generating operating income of $168.1 million, up 0.8%. Total operating income at B-F was $190.1 million, up 1%. The category increase was mainly because of the California Cooler acquisition and to higher prices primed by a 19% federal excise tax increase taking effect Oct. 1, 1985. The excise tax caused retail prices on spirits to rise 10% on average however, consumers bought heavily before the effective date for the tax. Sales tapered off after Oct. 1.

Brown-Forman, which markets Canadian Mist, the nation's No. 1 Canadian whisky, and Jack Daniel's whisky, the No. 2 bourbon, increased measured spending for both products in calendar 1985.

Canadian Mist received $5 million in measured media, up 3% from 1984 and divided 61% magazine and 39% out-of-home media. The brand leads

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he declining Canadian whisky cate-ory with 1985 sales of 3.6 million ases, down 5.5%, according to Steve . Barsby Associates. National Distill-rs' Windsor Supreme brand ranks lo. 2 with 3.2 million cases sold in 985, down 1.6%, and Seagram's V.O. anks No. 3 with 1985 sales of 3 mil-on cases, down 5.5%.

For the first time in several years, anadian whisky's share of sales for he total distilled spirits industry fell, ropping to 13.2% in 1985 from 13.6% 1984, according to *Jobson's Liquor landbook 1986*. Canadian whisky ver-all volume dropped 4.5% in 1985 n sales of 20.2 million cases.

Jack Daniel's whisky received $6.1 illion in measured media in 1985, up %, retaining its title as the biggest pender among bourbons. Media was ivided 75% magazine and 25% out-f-home. Jack Daniel's is the No. 2 ourbon with sales of 3.1 million cases 1985, down 9.5%, according to *Job-on's*. No. 1 is James B. Beam's Jim eam brand with 1985 sales of 3.6 mil-on cases, down 2%.

Whisky/bourbon consumption has een on a downward spiral for more an a decade, falling from 23.6 mil-on cases in 1976 to 19.2 million in 984. Sales fell another 8% in 1985 to 7.[illegible] million cases, and the category's are of total distilled spirits sales ipped to 11.5% in 1985 from 12.3% 1984.

Despite declining sales for the cate-ory, Jack Daniel's, Jim Beam and eagram's 7-Crown consistently re-ain among *Jobson's* top six best-sell-g brands for all distilled spirits. What is says, according to the magazine, is at the public is not for or against the ategory, it is for or against specific rands. *Jobson's* says the category is pe for new approaches to brand mar-eting. One bright spot was interna-onal sales of Jack Daniel's and Southern Comfort, another Brown-Forman brand, which neared sales of 1 million cases in fiscal 1986, up about 20% for each brand.

Brown-Forman's other product offerings include Lenox china and crystal products, a company acquired in 1983 and supported with $9.9 million in measured media in calendar 1985, up 66% from 1984. The Lenox division spending was divided 55% newspaper supplement and 45% magazine.

Operating income from these and other home furnishings increased 21.2% in fiscal 1986 to $20.6 million. Operating income from personal use products, such as diamond jewelry and Hartmann luggage, was down 8.8% to $13.2 million in fiscal 1986.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$21,862	$19,415
Newspaper	8,187	4,791
Newsp. supp.	5,339	2,997
Bus. pubs.	7	0
Network tv	8,159	3,210
Spot tv	9,799	6,472
Network radio	259	0
Spot radio	542	0
Outdoor	5,162	6,287
Network cable	738	0
Total measured	60,052	43,172
Unmeasured	34,208	24,592
Total	94,260	67,765

BROWN-FORMAN
DISTILLERS CORP.
850 Dixie Highway
Louisville, Ky. 40210
(502) 585-1100
B-F SPIRITS LTD.
Louisville, Ky.

Marketing Personnel

John V.O. Kennard, sr vp-group dir brand mgmt
Edward Parrack, sr vp-group dir brand mgmt

Advertising Agencies

Burrell Advertising, Chicago—black consumer—Canadian Mist—Eugene Morris, sr vp-mgmt super.

MCA Advertising, New York—Canadian Mist, Southern Comfort, Early Times—Bob Lepre, exec vp; Warren Wiegand, vp-acct mgmt; Hal Tovin, acct super.

CALIFORNIA COOLER CO.
Stockton, Cal.

Corporate Personnel

R. Stuart Bewley, president

Marketing Personnel

Jon Shastid, vp-sales mktg
Jon Garner, dir-mktg

Advertising Agency

Chiat/Day, San Francisco—California Cooler prods—Bill Fanning, mgmt super; Mike Murphy, acct super; Kelly Nice, acct exec.

JACK DANIEL
DISTILLERY
Lynchburg, Tenn.

Corporate Personnel

David J. Mahanes, president
Arthur S. Hancock, exec vp-dir mktg

Advertising Agencies

Advanswers, St. Louis—media planning for Jack Daniel's, Korbel California champagne & brandy, Bols liqueurs & flavored brandies—Gordon Hendry, vp-special projects; Lee Zobrist, project assoc.

Burrell Advertising, Chicago—black consumer for Jack Daniel's—Eugene Morris, sr vp-mgmt super; Julius Jones, vp-acct super.

BFV&L, St. Louis—creative for Jack Daniel's, Korbel, Bols—J. Mark Lashly, president; Carla Manning, acct exec; Tom Fraser, art dir.

Simmons, Durham & Assoc., St. Louis—Jack Daniel's—Les Diveley, acct exec-super; Mindy Keyser, prod mgr; Ted Simmons, creative dir.

JOS. GARNEAU CO.
Louisville, Ky.

Corporate Personnel

Stephen B. Kauffman, president

Marketing Personnel

Raymond E. Dryden, exec vp, exec dir-new supplier devel
William E. Juckett, sr vp-brand dir
Ronald N. Tommasini, sr vp-brand dir

Advertising Agencies

Burrell Advertising, Chicago—black consumer adv, Cella, Martell—Eugene Morris, sr vp-mgmt super; Robert Hinton, vp-acct dir; Alisa King, acct exec.

LENOX INC.
Lawrenceville, N.J.

Corporate Personnel

Frank Dallahan, president, ArtCarved/Keepsake Group
Roy Haberstock, president, ArtCarved class rings
Thomas K. Kreilick, president, Lenox candles
William C. Cook, president-ceo, Hartmann luggage
Walter Flossbach, president, Lenox de Centro America

Marketing Personnel

Park H. Davis, vp-mktg, ArtCarved class rings
Ron S. Cameron, vp-mktg, ArtCarved/Keepsake
Alvin C. Leonard, vp-sales mktg, Lenox candles

Advertising Agency

Leber Katz Partners, New York—Sam Eisnitz, exec vp-acct mgmt; Patricia Price, vp-acct group super; Marni La Rose, acct exec; Alex Mohtares, exec creative dir.

RANK **38**

Campbell Soup Co.

Camden, N.J.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	3,989	3,657	9.1
Net income	198	191	3.5
U.S.	**1985**	**1984**	**% chg**
Sales	3,345	3,121	7.2
Operating profits	354	339	4.4
Advertising	215	210	2.2
Division sales	**1985**	**1984**	**% chg**
Campbell U.S.	2,500	2,282	9.6
Pepperidge Farm	426	435	(2.1)
Vlasic Foods	199	193	3.1
Mrs. Paul's	138	126	9.5
Other U.S.	81	84	(3.6)

Answering its president's call to make 1986 the "Year of Soup," Campbell Soup Co., since August, 1985, has been involved in an aggressive program of new product rollouts aimed at boosting its 65% market share of the estimated $2 billion prepared soup market.

Campbell, which increased its measured media spending by 2.2% from calendar year 1984 in part to back the soups, through the first nine months of its current fiscal year recorded a 6% increase in unit volume for soups over the corresponding period the prior year. Strong contributors were its new entries—Campbell's Dry Soup Quality and Recipe Mix, Creamy Natural soups, Home Cookin' soups and the new Nacho Cheese Soup/Dip. Soups also shared in a greater marketing largess for the nine months: Over-all marketing and sales expenses increased 10%.

Soups, which traditionally account for one-fourth of Campbell's sales, helped generate for the nine months net earnings of $262.4 million, up 10%, on net sales of $2.09 billion, up 6%. This follows a fiscal 1985 performance in which soup unit volume was up only 1%. Campbell's final quarter and year-end results from the fiscal year ended Aug. 3, have not come in, however, company president, ceo R. Gordon McGovern, has reported net earnings for the company will be about $220 million, up 11%.

Campbell holds an estimated 85% of the canned soup market, which has not experienced as much growth as the dry soup category in recent years. It has been competitors like Progresso chipping away at the Campbell share that has launched Campbell into its soup offensive.

Campbell has created new lines of canned soups and offered line extensions to provide more "premium" items. Golden Label Creamy Natural Soups were rolled out nationally in July, 1985. Six varieties of Campbell's Home Cookin' soup marked a new Campbell entry into the $490 million ready-to-serve soup category.

A new ingredient soup, Nacho Cheese Soup/Dip, was introduced as an addition to the company's cheddar cheese soup and cream of mushroom soup. Prompted by the success of its Chunky New England clam chowder, the company extended its Chunky line with two new varieties.

Ad spending for Campbell canned soup topped $41 million for calendar 1985, as measured by Leading National Advertisers. The largest spending line, next to Campbell's red-label stalwart, was Chunky soup with $7.6 million, up 42.5% from 1984. New products also were supported with direct mail coupon campaigns.

In September, 1985, Campbell launched its first major entries into the dry soup category, a $430 million category dominated by Thomas J. Lipton Inc., with 28% of total dollar sales. The rollout of Campbell's Quality Soup and Recipe Mixes, offered in six varieties, was supported with $4.2 million in measured spending divided between magazines and tv.

Campbell also is testing other soup formulations to cater to contemporary tastes and life styles. Soup du Jour, a line of frozen, premium soups in microwavable-only bowls, is being tested in the Northwest. The six "restaurant-inspired" soups ranging from cream of asparagus to seafood supreme costs between $1.19 and $2.19, depending on the exotic quality.

Another microwavable line, Cookbook Classics, is being tested in Philadelphia.

The company also is experimenting with the popularity of alternatives to expensive metal cans. In December, it began testing Campbell's Homestyle cream of tomato soup in a paperboard, foil and polyethylene carton. The ready-to-serve soup in single serving carton is carried on the grocery shelf.

V-8, Campbell's tomato-based juice, was offered in a 64-oz. refrigerated carton in 1985. Measured ad spending on V-8 declined by 57% for 1985 to slightly more than $3 million.

A line of refrigerated salads was introduced in the Philadelphia area and Southwest states under the Fresh Chef label. Designed to tap into the growth of refrigerated foods, the test products range from tropical fruit salad, chicken salad and pasta salads to cole slaw and range in price from $1.19 to $2.59.

Four refrigerated pasta sauces, packed in clear glass jars, also were introduced. Fresh Chef Classic soups, a six-item line of refrigerated soups, was introduced in Rochester, N.Y., in February, 1986. Spending in support of Fresh Chef sauces and salads totaled nearly $1 million in measured media.

In March, 1986, Campbell acquired Mrs. Giles Kitchens, Lynchburg, Va., a privately held company with 1985 sales of $18 million generated from 35 varieties of salads, in addition to packing Fresh Chef salads.

Campbell also made a move to heighten its presence in the produce aisle, with the test of two varieties of exotic mushrooms in the eastern U.S. and Chicago. It also tested Campbell's Fresh brand asparagus in markets throughout the country.

Supported by $11.7 million in measured spending, Prego spaghetti sauce pulled up to a 30.1% market share of the estimated $847 million sauce market. In 1984 Prego held an estimated 25% share. Its major competitor, Chesebrough-Pond's Ragu, slipped to a 1985 share of 49.4% from 1984's 50%. Prince Co.'s Aunt Millie's and Prince brands hold a combined 6% share.

Two new Prego products were introduced in 1986: Prego al Fresco, a lighter textured sauce, rolled nation-

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lly in July. Four varieties of Prego ozen dinners were introduced in late ugust. Franco-American canned eals received $3.1 million in measured spending, up 59.7% from 1984 vels.

Reformulations and new products troductions have led to increases in dvertising of Campbell's frozen dinier lines—Swanson dinners and Le lenu—which in the first nine months f the new year were hampered by the eneral softness in that category. Total easured spending on the lines was 26.3 million in 1985, up 21.7%. pending was paced by $13.4 million r Le Menu, up 47%, and $9.6 million r Swanson frozen dinners (breakfast so), down 23.8%. Plump & Juicy froen prepared chicken was introduced ith a $2.1 million tv campaign.

During 1985, the aluminum tv diner tray was phased out in favor of lastic (Goodyear is a supplier) or aper trays suitable for both microave and conventional ovens. An $8 illion effort to reformulate Swanson inners has resulted in more than 100 hanges in 44 varieties of the line, such s lighter sauces, less salt, more intersting vegetables and new desserts.

Sales of Le Menu gourmet frozen eals remained strong through fiscal 985. Le Menu holds about 14% of the pscale frozen market to Armour Dinier Classics' 18%. Latest additions to e Le Menu line include L'Orient, six arieties of Oriental dinners complete ith chopsticks and a tea bag.

Great Starts, a line of frozen breakst entrees, was rolled out nationally May, 1986. The four-variety line of uffins and biscuits is similar to those opular in fast food restaurants and an be heated in microwave or conentional ovens.

Pepperidge Farm, Campbell's secnd largest operating unit, spent about 14.3 million in measured media in 985, up from only $6.4 million in 984. Spending for Pepperidge Farm ookies soared to $3.4 million from nly $79,000 in 1984. Pepperidge arm crackers also increased in spendg with $1.5 million in 1985, up 8.7% om 1984. Spending was cut back on rozen Vegetables in Pastry, from $3.3 illion in 1984 to $1.3 million in 985, while a reformulation program ntinues. Norwalk, Conn.-based Peperidge Farm also tested several new roducts including frozen English uffins, bagels, muffins and ice eam.

Vlasic Foods launched an $11 milon campaign in November to introce Zesty dill pickles, as well as to miliarize consumers with redesigned bels for the entire Vlasic line. hrough calendar 1985, $5.2 million spending was measured in seven edia for Vlasic, down 28%. Zesty has cked up a 3% share of the total pickle arket, according to Selling Areas arketing Inc. Vlasic, based in West loomfield, Mich., is the market ader in the retail pickle category with 31% unit share.

Total measured spending was up % for Philadelphia-based Mrs. uls' frozen seafood, to $7.1 million, ith the largest expenditure, $5.9 milon, going in support of Mrs. Pauls' ozen Light seafood entrees, up from out $3 million in 1984. The comny is one of the top three in the fron seafood market, behind General ills' Gorton and Pillsbury's Van de amp's. Counting on consumer prefence for fresh fish, Mrs. Pauls' rently introduced Au Naturel fish filets 15 test markets.

During 1985 Campbell purchased a ntrolling interest in Continental oods Company S.A. of Purrs, Belum. The company, which had been ivately held, manufactures several es of sauces, spices preserves, pates, reads and confectionaries.

oups on mom!

A study of 200 middle class kids, es 8 to 12, found that 95% of them ok meals or snacks and they *like* eir kitchen roles. More than 70% opate a microwave oven, too, says

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$16,924	$14,487
Newspaper	2,817	5,401
Newsp. supp.	1,014	3,102
Bus. pubs.	347	604
Network tv	68,497	68,624
Spot tv	29,757	27,333
Network radio	4,655	4,371
Spot radio	2,582	1,450
Outdoor	2	62
Network cable	3,464	1,789
Total measured	130,059	127,222
Unmeasured	85,000	83,146
Total	215,059	210,368

CAMPBELL SOUP CO.

Campbell Place
Camden, N.J. 08101
(609) 342-4800

Corporate Personnel

H.M. Baum, president, Campbell USA

Marketing Personnel

C.V. Stinnett, vp-sales & mktg
P.N. Mulcahy, president, CSC Advertising
S. Whittier, dir-consumer services
A.J. Adams, dir-mktg rsch
Z. Coulson, vp-consumer issues
A.J. Dale, exec vp-Campbell Sales Co
D.F. Macaulay, dir-design
G.D. Mahrlig, dir-media services
H.P. Pelouze, dir-promo
W.C. Culp II, dir-special projects
M.P. Garrison, mgr-special projects

SOUP GROUP

Marketing Personnel

D.L. Santangelo, vp-group genl mgr, soups
D.E.Goerke, mktg dir-ready-to-serve soups
L.A. Carpenter, sr mktg mgr, condensed soups
D.E. Bair, mgr, adv production
R.L. Steenrod, mktg mgr
E.A. Lynn, mktg mgr
T.L. Cruikshank, mktg mgr
P. Senecal, mktg mgr
J.N. Haring, sr mktg mgr
S. Reed, asst mktg mgr
D. Farallo, asst mktg mgr
R. Lucker, asst mktg mgr
B. Cronin, dir-special assignment to SBU

Advertising Agencies

BBDO, New York—Chunky soup, Home Cookin—Alex Carlin, mgmt super; Robert McGreevy, acct super.

Backer & Spielvogel, New York—red & white label condensed soups—Robert Holmen, exec vp-ceo; Joseph Prior, sr vp-mgmt super; Alan Stone, vp-acct dir; Will Eddy, acct super.

Conill Advertising, New York—Hispanic adv—Rafael Conill, chmn; Alicia Conill, president.

DRY FOODS

Marketing Personnel

P.P. Masaracchio, genl mgr
P.W. Cominsky, mktg dir
K. Smith, mktg mgr
S. Reed, asst mktg mgr

Advertising Agency

Backer & Spielvogel, New York.

GROCERY

Marketing Personnel

J. Horn, genl mgr
J. Dorsch, mktg dir
K. MacDonnell, sr mktg mgr
L. Senior, sr mktg mgr
D. Hillyard, mktg mgr
W. McLaughlin, assoc mktg mgr
M. Alfano, assoc mktg mgr
P. Cook, assoc mktg mgr
J. Wall, asst mktg mgr
J. Abraham, mktg asst

Advertising Agencies

Needham Harper Worldwide, New York—Campbell's bean prods—Richard Murray, sr vp-mgmt rep; Jim Schank, acct super.

Needham Harper Worldwide, New York—Franco-American pasta—Jim Schank, acct super.

Conill Advertising, New York—Hispanic adv-Rafael Conill, chmn; Alicia Conill, president.

FCB/Leber Katz partners, New York—Prego, Prego Plus, Prego Frozen, new prods—Chip Evans, sr vp-mgmt rep; Maureen Sage, vp-acct super; Elizabeth Hood, acct super.

BEVERAGES

Corporate Personnel

Gary L. Hess, group genl mgr
Terry W. Wimmers, president, Juice Bowl

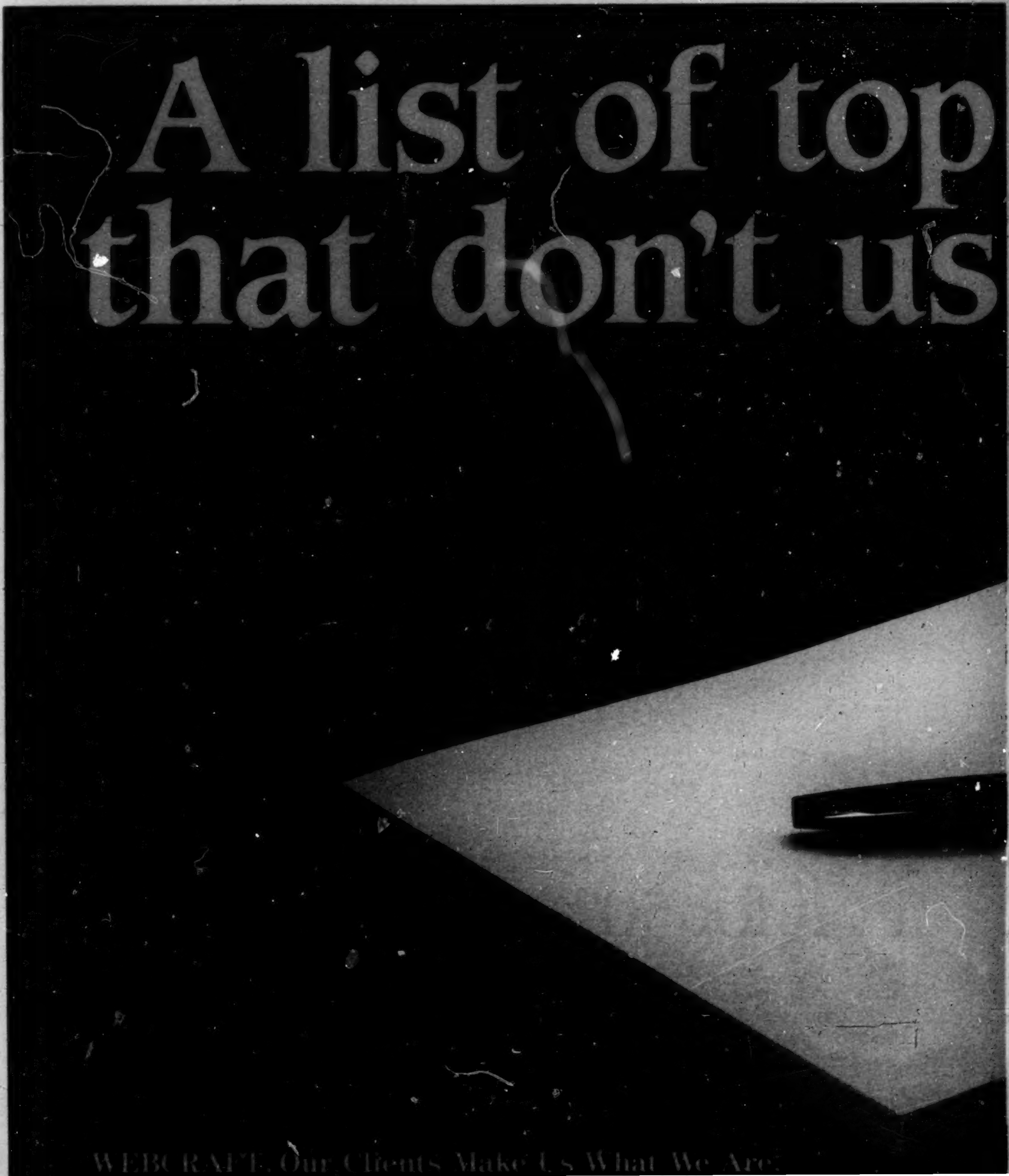
Marketing Personnel

A. Yuni, sr mktg mgr
J. Slocum, mktg mgr
V. Smith, assoc mktg mgr
T. Chandler, asst mktg mgr
P. Giannone, mktg coord
Roy Smith, vp-sales mktg, Juice Bowl

Advertising Agencies

Backer & Spielvogel, New York—"V-8", new prods—Robert Holmen, exec vp-ceo; James Keller, vp-mgmt super; Jeff Andrews, acct super.

FCB/Leber Katz Partners—Juice Bowl, new prods—Laurel Cutler, exec vp; Carol Haas, acct super; Holly Weinhouse, mktg planning acct exec. JuiceWorks—Chip Evans, sr vp-mgmt rep; Maureen Sage, vp-



acct group super; Ellen McDonald, acct exec.

FROZEN FOODS

Corporate Personnel

S.A. McNeil, group genl mgr

Marketing Personnel

T. Noto, mktg dir, Le Menu
R.F. Bernstock, dir-mktg
D.E. Lynn, mktg dir, Swanson
R.M. Revelle, mktg mgr
G.S. Loesch, mktg mgr
S. Trainor-Smith, mktg mgr
J.L. Skaler, mktg mgr
P.F. Goodman, mktg mgr
A.D. Van Beuren, mktg mgr
B. Baldwin, assoc mktg mgr
G.C. Smith, assoc mktg mgr

Advertising Agencies

Ogilvy & Mather, New York—Swanson, Le Menu, Le Menu Light Style, L'Orient, Great Starts Breakfasts, new prods—Graham Phillips, exec vp-super; Cliff Angers, sr vp-acct group dir; Stephanie Backer, vp-mgmt super; Sally Luce, acct super; Jackie Cohen, Kathleen Frick, acct execs.

Hal Riney & Partners, San Francisco—Swanson regular & Hungry-Man dinners and entrees, Swanson meat pies—Donal D. Ashley, sr vp-genl mgr; Patricia S. Hader, vp-mgmt super; Margaret M. Lane, acct super; Patricia I. Brierton, acct exec.

FRESH FOODS

Corporate Personnel

K.W. Leighton, group genl mgr

Advertising Agency

Marti, Flores, Prieto & Wachtel, Puerto Rico—Roman Flores, genl mgr; Roberto Alonso, acct super; Steve Wachtel, creative dir.

REFRIGERATED FOODS

Corporate Personnel

M.B. Buchalski, genl mgr

Marketing Personnel

B.E. Horlbeck, dir-mktg
D.M. Stalker, mkgt mgr
L. Li, asst mktg mgr

Advertising Agency

Needham Harper Worldwide, New York—Richard Murray, sr vp-mgmt rep; Susan Spohn, vp-acct super; Barrie Dolnick, acct exec; Cheryl Callan, asst acct exec-Fresh Chef sauces, salads, soups.

FRESH PRODUCE

Marketing Personnel

D.E. Herr, genl mgr
F.A. Dudowicz, mktg dir
S. Stiles, mktg mgr

Advertising Agency

(In-house), CSC Advertising—Paul N. Mulcahy, president.

FOOD SERVICE

Corporate Personnel

A.N. Calabrese, genl mgr

Marketing Personnel

G.W. Thompson, dir-mktg
W.W. Gabrys, mktg mgr
J.J. Kelly, dir-mktg
L. Steller, dir-mktg
W.C. Lehneis, mktg mgr

Advertising Agency

Lewis, Gilman & Kynett, Philadelphia—R.C. Wilder, president; T.P. Ferguson, L. Stoelker, vps-acct supers.

CONVENIENCE STORES

Corporate Personnel

C.R. Marshall, genl mgr

Marketing Personnel

J.A. Blood, sr mktg mgr

PET FOODS

Corporate Personnel

S.M. Regan, genl mgr

Marketing Personnel

J. Blauner, mktg dir
Janet Dagross, assoc mktg mgr

Advertising Agency

(In-house), CSC Advertising—P.N. Mulcahy, president.

POULTRY

Corporate Personnel

J.W. Dodd, genl mgr

Marketing Personnel

J.F. VanStone, mktg dir
C.G. Magee, mktg mgr

Advertising Agencies

Ogilvy & Mather, New York—Plump & Juicy chicken—Cliff Angers, sr vp-group acct dir; Dave Mechlin, mgmt super; Harry Towers, acct super.

Needham Harper Worldwide, New York—canned poultry products.

PEPPERIDGE FARM
Norwalk, Conn.

Corporate Personnel

R.A. Shea, president
T.H. Fey, president, Godiva

Marketing Personnel

W.R. Eucherman, mktg dir, biscuit
C.V. McCarthy, vp & genl mgr, bakery
P.J. Callaghan, mktg dir, bakery
C.W. Rydin, genl mgr, frozen
E.A. Anderson, mktg dir, frozen
B.L. Gumaitis, genl mgr, foodservice
K. Rudolph, mktg dir, foodservice
R.L. Schmalz, genl mgr, mail order
J.E. Tierney, vp-corp relations

Advertising Agencies

Ogilvy & Mather, New York—Pepperidge Farm—N. Berry, president; S. McGavin, vp-sr mgmt super.

Margeotes, Fertitta & Weiss—Godiva—G. Fertitta, president; J. Weiss, creative dir.

VLASIC
Bloomfield, Mich.

Corporate Personnel

J.R. Scales, president

Marketing Personnel

T.I. Bitterman, sr vp-sales, mktg
E. Tazzia, vp-genl mgr, Hispanic Business Unit U.S.
W. Shaw Sr., vp-mktg

Advertising Agency

W.B. Doner & Co., Southfield, Mich—William Case, sr vp-group mgmt super; Richard Friday, vp-mgmt super; Trish Doyle, acct super.

MRS. PAUL'S KITCHENS
Philadelphia, Pa.

Corporate Personnel

W.J. Dowd, president

Marketing Personnel

G.W. Piszek, sr vp-sales & mktg
T.F. Cohen, dir-mktg
R.J. Johnson, mktg mgr
D.A. Hughes, mktg mgr
J.M. Clemons, mktg mgr
W.J. Tullis, mktg mgr
L.M. Martineau, vp-consumer affairs
J. McMahon, vp-sales

Advertising Agency

Needham Harper Worldwide, New York—Leo J. Mamorsky, acct super; Lisa Weatherford, acct exec.

TRIANGLE MFG. CORP.
Morrisville, N.C.

Corporate Personnel

P. Fenu, president

Marketing Personnel

E. Nesterick, mktg dir
R. Carlson, adv & promo dir

Advertising Agency

(In-house), CSC Advertising—Paul N. Mulcahy president.

DOMSEA
Bremerton, Wash

Corporate Personnel

R.A. Earle, genl mgr

Marketing Personnel

C.M. Monaghan, mktg dir

Advertising Agency

(In-house), CSC Advertising—P.N. Mulcahy, president.

MRS. GILES KITCHENS
Lynchburg, Va.

Corporate Personnel

Carl W. Calandra, president

Marketing Personnel

Thomas Canard, vp-sales & mktg

Canon Inc.

RANK **97**

Lake Success, N.Y.

($ in millions)

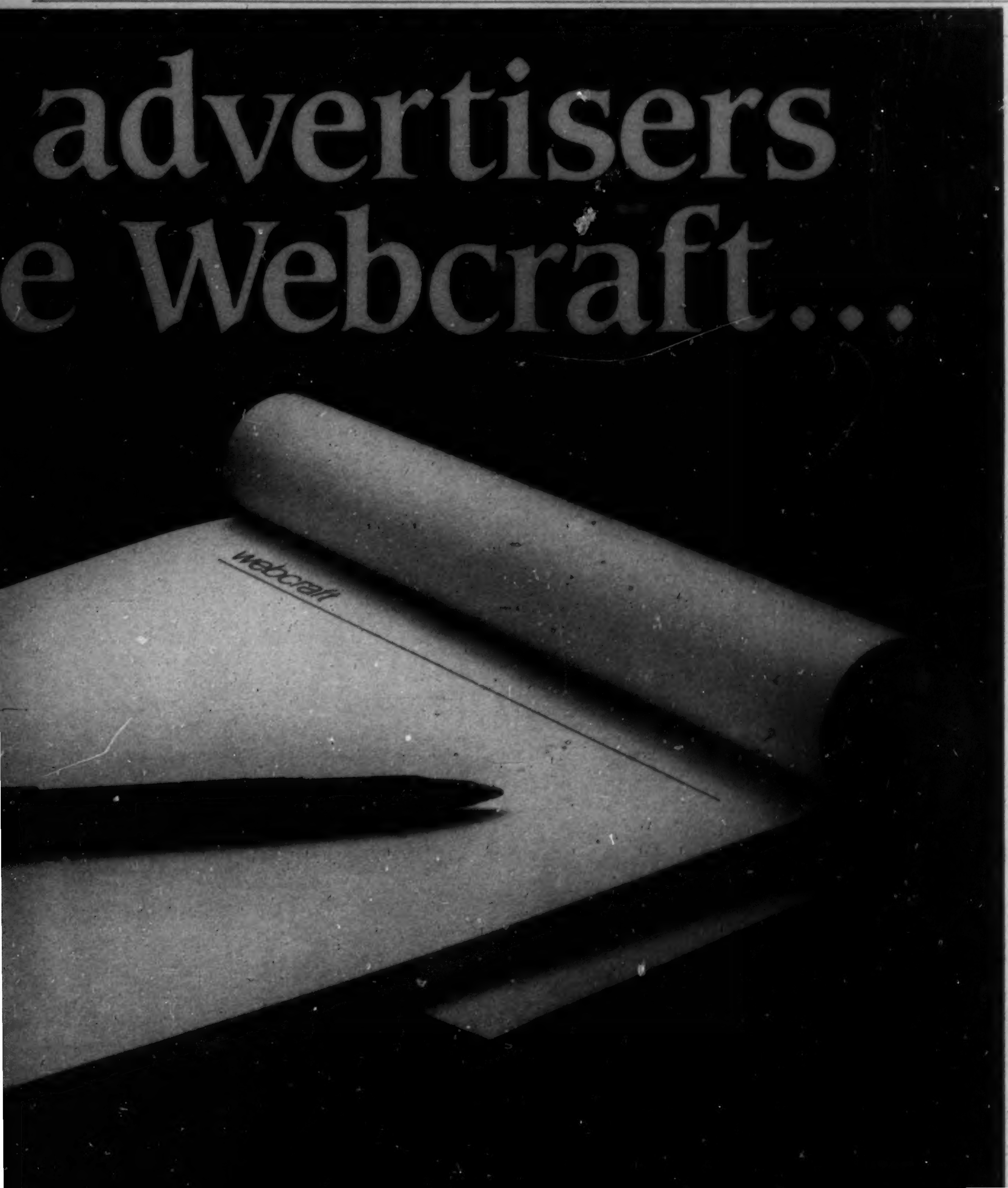
Worldwide	1985	1984	% chg
Sales	4,779	3,308	44.5
Net income	185	140	32.1
U.S.	**1985**	**1984**	**% chg**
Sales	1,501	1,260	19.1
Operating profits	N/A	N/A	N/A
Advertising	81	103	(20.9)
Division sales	**1985**	**1984**	**% chg**
Bus. machines	3,400	2,650	28.3
Cameras	949	1,120	(15.3)
Optical, other	431	387	11.4

Canon USA, a division of Tokyo-based Canon Inc., hampered by a slowdown in the U.S. economy and stagnation in the camera market, implemented a widespread cost-cutting program that slashed its measured media spending by 26.5%.

Spending reductions cut across the media board, the largest declines coming in network radio, down 49.2%; network tv, down 35.6%; spot tv, off 33%, and newspapers, down 15.7%.

Worldwide, sales in the business machines segment recorded a gain of 28.3% to $3.4 billion, including $2.1 billion for copiers, up 17.4%. Business machines accounted for 71% of the company's worldwide sales, a marked increase from the 63.8% level of 1984. Camera sales plummeted 15.3%, to $949 million, while optical and other products' sales rose 11.4% to $430.5 million.

To help boost flagging sales of



ally advanced single-lens-reflex cam- ras. The company, which popularized he 35mm format a decade ago with he aid of its "so advanced, it's simple" d pitch, was victimized by a severe lowdown during the year in the $1.4 illion market. Canon tv spots for the ' series featured sportscaster John Madden. Grey Advertising handled.

Canon also encountered new com- etition in the segment from Eastman Kodak Co., which re-entered the 5mm field after a 16-year absence.

Canon unveiled the non-SLR 35mm odels for the fashion-conscious mar- et under Canon's Snappy line, with fferings in red, blue and yellow. One ew entry was the Aqua Snappy, a eather-proof version. Now No. 1 in he non-SLR market, Canon also rought out new models in its Sprint ne.

Leading National Advertisers, hich monitors advertising in six edia, reports Canon spent about 15.5 million in measured spending in 985 to advertise its camera lenses and ccessories, down substantially from pending of $25.5 million in 1984.

In home video, Canon in 1985 in- roduced the Canovision 8, an 8mm amcorder. The company also sought o maintain its presence in the com- eting vhs format with a new vhs-hifi ome deck.

The company early in 1986 intro- uced a film-less video camera that ecords still images on a miniature oppy disk. The images then can be iewed immediately on a tv screen ith a special attachment or sent to a rinter to create color snapshots. hoto images also can be transmitted ver telephone lines.

Other strong product lines for anon in 1985 included electronic pewriters and facsimile machines.

Canon copier sales remained strong 1985, although the company's mea- ured ad spending in this category de- lined to $23.6 million, down from ore than $26 million in 1984, ac- ording to LNA. Copiers accounted r, by far, the company's largest out- y for networks, at $15.3 million.

Canon maintained its leadership of e plain paper copier field via the 985 introductions of the faster-speed P-7550 and NP-8570. Print ads for e 8570, which turns out 70 copies per inute, use the theme line "Speed ex- eeded only by performance. The hoice is Canon."

Canon announced in late 1985 that would spend about $10 million to uild a U.S. manufacturing plant, in ewport News, Va. The plant, anon's second in the U.S., will turn ut copiers and is expected to start roduction by spring.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$23,295	$23,978
Newspaper	3,279	3,891
Newsp. supp.	36	0
Bus. pubs.	3,143	2,721
Network tv	21,400	23,217
Spot tv	5,502	8,212
Network radio	4,042	2,030
Spot radio	684	526
Outdoor	428	360
Network cable	1,967	1,948
Total measured	60,792	78,905
Unmeasured	20,409	23,818
Total	81,201	102,723

CANON U.S.A.
1 Canon Plaza
Lake Success, N.Y. 11042
(516) 488-6700

Marketing Personnel

T. Hirasawa, adv-sales promo mgr, cameras
E. Yoshinari, adv-sales promo mgr, cameras
H. Hirai, adv-sales promo dir, copiers
T. Kikuchi, adv-sales promo mgr, copiers
H. Iwanami, adv-sales promo mgr, calculators

Advertising Agencies

DYR Worldwide, New York—print/sales promo, tv, for cameras, calculators, copiers, medical prods, micrographics, facsimile machines, tv lenses, semiconductor mfg equipment—H. Koriyama, sr vp-creative; Frank Sevarese, vp-mgmt supvr; Bill Barrett, vp-media dir.

Grey Advertising, New York—typewriters, personal computers, video equipment, tv ads for cameras—William Overend, exec vp-mgmt rep; Hank Greer, vp-sr mgmt supvr; Larry Geiger, Ray Halowski, George Miller, vp's-mgmt supvrs.

Capital Cities/ABC

RANK 98

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	4,022	4,625	(13.0)
Net income	141	321	(57.6)
U.S. advertising	72	68	6.3

The fortunes of Capital Cities/ABC Inc., the resulting merger of American Broadcasting Cos. and Capital Cities Communications, are tied closely to the strength of national television advertising. And in 1985 and the first half of 1986, that medium is anything but rosy.

ABC tv network, which contributes two-thirds of total sales to the newly merged company, suffered a decline in income in the first quarter. But a slight income gain in the second quarter at ABC network, cost-cutting measures that are trimming 1,400 from the payroll and a gradual reduction of its compensation payments to affiliates in exchange for freeing up more local advertising time may help spur a turnaround.

During 1985, broadcast revenues at ABC dropped 14% to $2.84 billion while operating income in the division dropped 20% to $340.8 million. These decreases were influenced by record returns in the prior year's related to the financial success of the Olympic games.

The drop would have been greater had 1985 not been a record year in local sales for ABC's owned and operated tv stations. Broadcast also includes cable and radio.

The performance of ABC broadcasting reflected an industrywide slump. Influenced by the economy's slowdown, the three networks declined in revenue nearly 3% to $8.31 billion, the only single-year drop since cigarets were taken off the air in 1971. In the process, ABC dropped to a prime-time September to April average of 14.8 rating, behind NBC's season leading 17.6, and CBS's 16.7. One ratings share translates into an estimated $50 million over the course of a year.

A historical reading of Cap Cities/ABC's financial returns for 1985 (the $5.2 billion purchase by Cap Cities took effect Jan. 1, 1986) showed a combined net income $301 million, down 9%, on revenues of $4.32 billion, down 6.6%.

Separately, American Broadcasting Co.'s contribution (including all divisions) was $158.4 million in net income, down 19%, on revenues of $3.3 billion, down 10%. Cap Cities, largely a newspaper and trade publisher and broadcast company at the time of the purchase, had net income of $142.2 million, up 5%, on revenues of $1.02 billion.

The merger left considerable room for streamlining and consolidation of operations into three divisions: ABC Network (Entertainment, Sports, News), broadcast stations (radio, tv, video entertainment, ABC spot sales), and publishing.

The company, in order to effect the merger, had to comply with Federal Communications Commission media crossownership rules preventing multiple ownership of media in the same market. Cap Cities/ABC sold off its cable unit to the Washington Post Co. for $350 million, and four tv and eight radio stations and a daily newspaper.

Proceeds from these dispositions will yield approximately $920 million after related taxes are paid in 1986. The remainder of the purchase price was financed by a combination of $250 million in available cash, $1.375 billion in long-term debt at an average interest rate of 10.2%, the sale of three million shares of common stock, the issuance of $100 million in warrants (to acquire up to 2.9 million shares of the company's common stock) and the balance through the sale of commercial paper.

Cap Cities, lean in management and accustomed to strong profits, found itself facing a poor financial picture in 1986 and a merged partner characterized by a huge payroll and management bureaucracy, moved quickly.

It moved quickly to effect change. New managers at ABC replaced some of the best known names in broadcasting and some of the company's best known broadcast properties were sold. Fred Pierce, the president, resigned in January, a week after the companies completed their merger.

Other top ABC brass departed before and after the merger began, including Tony Thomopoulos, president of ABC Broadcast Group, Everett Erlick, general counsel, and Ben Hoberman, president of radio.

Cap Cities immediately began shrinking the payroll. By this summer, more than 1,000 positions were eliminated, and an additional 400 more jobs, primarily in technical areas, are currently being cut. A number of new executives were added to the corporate roster. John Sias, formerly president of Cap Cities' Fairchild Publications was named president of ABC division of Capital Cities/ABC. Michael Mallardi, formerly chief financial officer for ABC, was named president of the company's broadcasting division.

The owned and operated tv station group, the largest group in the country, was split into eastern and western groups. Named to the presidency of the western region was Kenneth Johnson, formerly president-gm of Cap Cities' KTRK-TV, Houston. Lawrence Pollock, formerly president-gm of WPVI-TV, Philadelphia, was named president of the eastern stations. ABC also discontinued its movie division unit of ABC Motion Pictures in 1985. The movie unit, which produced only six films in four years, among them "The Flamingo Kid," "Prizzi's Honor," "Silkwood," had been a money loser. ABC Motion Pictures continues to produce tv series, however.

Cap Cities/ABC is seeking to build back its audience shares for the ABC Television Network, which have eroded from the No. 1 prime-time network three years ago to No. 3. The other two networks actually cannibalized ABC in 1985-86 as NBC rose dramatically from a 16.2 to 17.6 rating and CBS rose from a 16.7 to 16.9 rating as ABC dropped from 15.5 to 14.8. ABC's strongest suit was daytime. Its 6.3 share in 1985-86 tied CBS for the lead, up from 6.1 share in 1984-85 when it ranked No. 2 to CBS with a 6.7 share.

ABC programs have slid in the ratings as well. "Dynasty" in the September-April season, 1985-86, dropped to No. 6 with a 21.9 rating, compared to its No. 1 position with a 25 rating in 1984-85. "Hotel" fell to No. 22 during the period with an 18.5 rating, compared with its 10th ranking 20 rating the prior year. "Who's the Boss?" rose to No. 11 with a 21.1 rating, compared with its 37th spot and 15.8 rating, and "Monday Night Football" rose to No. 16 with a 19.8 rating from 28th and a 17 rating.

ABC, a master of the extravaganza, pulled off a strong performance with its Liberty Weekend coverage, July 3-6. The network grabbed a 15.9 prime-time rating for the weekend, reduced to 13.9 prime-time for the week, compared with NBC's weekly 11.9 and CBS's 9.5.

ABC reportedly took in about $30 million revenue from the four-day weekend. It paid out $10 million for "exclusive" coverage, but its rival networks, complaining the event was a news happening and therefore nonexclusive, got extra minutes in covering the opening ceremonies when they threatened legal action.

The company "expects that its recovery will take several years and will be both difficult and expensive," according to a company spokesman.

One controversial means of restor-

the withdrawal of compensation payments to affiliates. Compensation payments, which run into the millions, are incentives for affiliates to run with network programing.

All three networks are looking at the system, and CBS has withdrawn such incentives on popular programs in the past, but ABC is venturing further than any network.

Before the affiliates meeting in late spring, 1986, the network backed off of withdrawing all compensation payments, however, it withdrew payments for some sports programs.

For "Monday Night Football," which saw ratings improve in 1985, the network will give affiliates a three-minute window for local advertising in the program in exchange for cash payments. A two-minute network block in daytime baseball playoffs will be turned over for local advertising, while in prime time and weekend playoff games, affiliates will get an extra minute of local time in exchange for compensation payments.

Cap Cities/ABC also has kept measured advertising spending promoting its network, various stations and services at maintenance-level. Measured advertising slipped 4% to $41.7 million, according to Leading National Advertisers.

Despite the minor drop, the media mix shifted to favor magazines even more—$34.9 million of the total in 1985 vs. $34.1 million in 1984. Spot tv dropped to $4.6 million from $7.4 million in 1984. The lion's share of measured media backed ABC Television Network, $29.8 million in 1985, up from $29.6 million.

Cap Cities/ABC owns and operates eight ABC affiliates capable of reaching just under 25% of U.S. tv homes. At the present time, all of these stations are rated either first or second in their markets in local news and from sign-on to sign-off.

The company owns nine am and eight fm stations serving nine markets, including seven of the top 10 radio markets; and seven radio networks, with over 1,900 affiliated radio stations. Radio operations of the two companies generated more earnings than any other radio group in the U.S. in 1985.

Cap Cities/ABC owns 80% of ESPN, 38% of Arts & Entertainment, and 33% of Lifetime, enabling the company to take advantage of viewer and advertiser growth in these services.

The company's broad assortment of daily and weekly newspapers, weekly and monthly consumer and business publications, special purpose newsletters and book publishing activities represents a strong and growing segment of the company.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$34,898	$34,092
Newspaper	18,168	16,155
Newsp. supp.	407	0
Bus. pubs.	216	51
Spot tv	4,563	7,374
Network radio	42	16
Spot radio	3,265	345
Outdoor	1,117	1,212
Network cable	686	8
Total measured	63,359	59,636
Unmeasured	8,888	8,388
Total	72,247	68,024

CAPITAL CITIES/ABC
1330 Avenue of the Americas
New York, N.Y. 10019
(212) 887-7777

Corporate Personnel

Thomas S. Murphy, chmn of the board & ceo
Daniel B. Burke, president & coo
Joseph P. Dougherty, exec vp
John B. Fairchild, exec vp, chmn & ceo, Fairchild Publications
John B. Sias, exec vp, president, ABC Network Div
Ronald J. Doerfler, sr vp & cfo
Michael P. Mallardi, sr vp, president, Broadcasting Div
Phillip J. Meek, sr vp, president, Publishing Div
Stephen A. Weiswasser, srvp & gen counsel
Allan J. Edelson, vp & controller
Andrew E. Jackson, vp
Gerald Dickler, secty
David J. Vondrak, treas
David S. Loewith, asst controller & asst secty

Top 25 newspaper advertisers

Rank	Advertiser	Newspaper ad expenditures 1985	1984	% chg	as % of co.'s 1985 ad total
1	General Motors Corp.	$140,979	$109,359	28.9	18.1
2	Philip Morris Cos.	78,031	73,041	6.8	5.6
3	Ford Motor Co.	77,295	62,063	24.5	12.6
4	RJR/Nabisco	73,321	107,456	(31.8)	6.7
5	American Telephone & Telegraph Co.	57,210	58,200	(1.7)	11.0
6	Chrysler Corp.	42,000	34,962	20.1	10.7
7	International Business Machines Corp.	30,610	36,036	(15.1)	9.3
8	GE/RCA	29,870	51,947	(42.5)	8.0
9	People Express Airlines	29,212	8,953	226.3	N/A
10	Batus Inc.	28,425	25,317	12.3	16.2
11	Eastern Air Lines	24,838	18,654	33.1	27.7
12	Pan American World Airways	21,218	11,395	86.2	N/A
13	CBS Inc.	20,936	21,519	(2.7)	10.1
14	Trans World Airlines	20,870	21,436	(2.6)	N/A
15	Toyota Motor Corp.	20,781	14,913	39.2	12.1
16	UAL Inc.	19,987	6,112	227.0	13.8
17	AMR Corp.	19,534	13,496	44.7	18.5
18	Capital Cities/ABC	18,168	16,155	12.5	25.1
19	Daimler-Benz	18,008	6,545	175.1	N/A
20	Delta Air Lines	17,116	26,332	(35.0)	18.2
21	Northwest Orient Airlines	16,850	10,265	64.2	N/A
22	Nissan Motor Co.	16,504	13,170	25.3	10.2
23	NYNEX Corp.	15,135	11,781	28.5	N/A
24	Texas Air Corp.	15,075	17,636	(14.5)	N/A
25	American Express Co.	14,804	11,401	29.5	6.8

NOTE: Dollars in thousands. Source: Media Records

ABC NETWORK DIVISION

Corporate Personnel

hn B. Sias, president
ark H. Cohen, exec vp
arren D. Schaub, sr vp
andon Stoddard, president, ABC Entertainment
oone Arledge, grp president, ABC News & Sports; president, ABC News
chard C. Wald, sr vp, ABC News
avid W. Burke, vp, ABC News
ennis Swanson, president, ABC Sports
ennis Lewin, sr vp, ABC Sports
ephen J. Solomon, sr vp, ABC Sports
ark Mandala, president, ABC Television Network
orge H. Newi, sr vp, ABC Television Network
mes E. Duffy, president, ABC Communications

BROADCASTING DIVISION

Corporate Personnel

chael P. Mallardi, president
wrence J. Pollock, president, Television Stations—East
bert C. Niles, vp, Television Stations—East
nneth M. Johnson, president, Television Stations—West
mes E. Masucci, vp, Television Stations West
rbert A. Granath, president, Video Enterprises
William Grimes, president, ESPN
lius Barnathan, president, Broadcast Operations & Engineering

Advertising Agencies

Fattal & Collins, Santa Monica, Cal.—C Entertainment—Babe Fattal, partner; ssell Collins, partner; Phyllies Wreagh, acct services.
Grey Entertainment, New York—ABC ertainment—Al Lieberman, president

PUBLISHING DIVISION

Corporate Personnel

illip J. Meek, president
n B. Fairchild, chmn & ceo, Fairchild Publications
niel Newman, president & coo, specialized publications
bert G. Burton, president, ABC Publishing

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($ in millions)

orldwide	1985	1984	% chg
Sales	4,756	4,640	2.5
Net income	27	212	(87.3)

S.	1985	1984	% chg
Sales	4,201	4,054	3.6
Operating profits	408	548	(25.5)
Advertising	208	201	3.5

ivision sales	1985	1984	% chg
Broadcast group	2,785	2,721	2.4
Record group	1,230	1,265	(2.8)
Publishing	711	619	14.9
Other	33	38	(13.2)

CBS Inc. was confronted with dratic problems on three fronts in 85: The company had to fend off a mber of suitors in the merger/takeer mania rampant in the broadcast ustry; CBS encountered softness in advertising sales marketplace and behind rival NBC into second ce in the prestigious prime-time rats race; it also experienced losses m a costly recapitalization program t included divestitures of nonessen- business and the discontinuance of toys, theatrical films and home nputer software operations.

The company's losses from disconued operations in 1985 totaled 5.5 million, and CBS incurred losses $120.8 million in the process of dising of these operations—losses that ect directly on CBS' radical reduc- n in worldwide net income.

ncluding these losses, CBS' 1985 income of $27 million decreased from 1984's worldwide net inne of $212 million. Net income uld have been $204.3 million, down ly 4%, without these one-time rges.

CBS spent enormous amounts of e, energy and expense fending off eover moves from Jesse Helms'-led rness in Media movement, Ivan esky and Ted Turner. In the process xchanging debt for equity, CBS rechased 21% of its outstanding comn stock for $954.8 million in cash notes effective Aug. 1, 1985. The npany's over-all recapitalization gram is designed to maintain its in- endence and enhance the prospects of CBS' three core businesses—broadcasting, recorded music and publishing.

The company is on schedule with its program to raise $300 million in post-tax proceeds from the sale of assets. CBS has generated $200 million so far, most of it applied to debt reduction, and the company has reduced its long-term debt by $232 million. CBS also expects to reach its goal of reducing overhead by $20 million in 1986, well before its yearend 1987 target.

Operating profits declined sharply in CBS' three core businesses in 1985. Operating profits declined 12% to $360.6 million in 1985 at CBS/Broadcast Group because of lower profits at the CBS Television Network, caused by weaknesses in the national tv advertising marketplace, particularly in ad sales for sports programing. The Television Stations and Radio Division reported higher revenues and profits in 1985.

Operating profits for CBS/Records Group declined 29% in 1985 to $87.2 million, as revenues fell 3% as the company was beset by a soft domestic market, a shortage of bona fide hit albums and delayed albums from major artists—conditions opposite to those that produced record profits in 1984. CBS/Records managed to maintain its leading U.S. market position in 1985, with its Columbia label ranked No. 1 in the pop music category for the third consecutive year.

The group's direct marketing operation, Columbia House Division, continued its record-breaking growth. In June, 1985, CBS/Records Group acquired a 50% interest in privately held Winterland Productions, San Francisco. Winterland is engaged in the design, printing and marketing of merchandise for the music and entertainment industries. Its acquisition signals the group's aim of sharing in as many of the revenue streams of its artists as possible.

In 1985, CBS/Publishing Group underwent dramatic changes and experienced a 30% decline in operating profit to $41.1 million on a 14.8% growth in revenues. In the largest acquisition in its history, CBS purchased the 12-title consumer magazine business of Ziff-Davis Publishing Co. in February, 1985, for $362.5 million. Amortization charges related to the Ziff-Davis acquisition contributed to the group's reduced operating profit. The Ziff-Davis acquisition solidified the group's position as the leader in the attractive special interest magazine field.

The segment sold *Family Weekly* to Gannett in early 1985 for $42.5 million because the publication did not fit the long-term plans for CBS Magazines. The Holt General Book Unit and Praeger, which published specialized academic monographs, also were sold in 1985. Winston-Seabury, a religious publisher, was sold early in 1986. These three small businesses did not fit CBS/Publishing Group's Educational and Professional Publishing division's (CEPP) strategic focus.

CBS experienced a decline in net income for the first quarter of 1986, but generated revenues above the prior-year period. Thomas J. Wyman, chairman and ceo, commented, "While the first quarter's results reflected the impact of a weak national advertising environment and increased program development costs on the television network's performance, and the effect of our higher debt level, CBS benefited particularly from the sharply improved results for the CBS/Records Group and to a lesser degree from the effect of the companywide overhead reduction efforts and a one-time gain from the sale of notes receivable."

Also for the quarter, CBS/Broadcast Group revenues rose 6% on a 66% decline in profits. Improved results for the CBS Television Stations Division and higher profits for the CBS Radio Division (including the five stations purchased from Taft Broadcasting in July, 1986) were negated by the sharp

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decline in profits from the CBS Television Network. The Taft acquisition raises the number of CBS' am stations to seven and increases its fm stations to 11. CBS/Records Group revenues increased 21% and profits grew 109% from the prior-year period, indicating the impact of U.S. and worldwide sales of recent recorded music releases.

CBS/Publishing Group revenues in the quarter declined 5%, while the group's seasonal operating loss was reduced by 19%. The group's revenue decline and profit improvement were because of the absence of operations divested in 1985.

In November, 1985, Laurence A. Tisch, chairman and ceo of Loews Corp., was elected to the board of directors of CBS Inc. His election raised the number of board members from 13 to 14. Recent reports indicate Loews has purchased close to the 25% of the outstanding CBS common stock the Loews Corp. announced it intended to buy last October.

In February, 1986, CBS Inc. purchased a half interest in Mainstream Communications Corp. Mason Best Co., a Texas-based merchant banking company, owns the other half of the joint venture. The company's current strategy is to spread entrepreneurial risks in communications-related new businesses through joint ventures. In May, 1986, the sale to Viacom International of CBS' KMOX-TV, St. Louis, was completed for a cash purchase price of $122.5 million.

CBS still is engaged in a lawsuit with Ziff-Davis brought by CBS alleging that Ziff-Davis misrepresented the profits of the 12 consumer magazines it put up for sale in late 1984. A New York state supreme court judge dismissed some of the claims (fraud and misrepresentation) against Ziff Corp. in late 1985. CBS contends the judge's decision on these claims is erroneous and intends to appeal. The court, however, let stand CBS' claims for breach of contract and breach of warranty and leaves CBS free to proceed with its claims in those areas.

Past experience alone qualifies CBS Inc. to deal with broadcasting's innate vagaries. Faced with extraordinary financial pressure and uncertainty, interest on debts accumulated in the process of maintaining corporate independence and downbeat revenue projections for many of its broadcast segments, 1986's uncertain atmosphere presents the toughest test its corporate mettle has faced.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$ 60,405	$47,378
Newspaper	20,936	21,519
Newsp. supp.	13,720	12,310
Bus. pubs.	1,993	947
Network tv	17,526	25,325
Spot tv	14,253	20,136
Network radio	1,042	189
Spot radio	732	1,035
Outdoor	729	868
Network cable	3,612	662
Total measured	134,946	130,369
Unmeasured	73,054	70,576
Total	208,000	200,945

ADVERTISING EXPENDITURES

(CBS-supplied)	1985	1984
Newspaper	$37,275	$35,709
Magazine	44,675	35,875
Bus. pubs.	4,433	6,084
Spot tv	19,336	28,509
Network tv	5,069	6,204
Spot radio	7,261	11,329
Network radio	1,657	1,742
Point-of-purchase	10,809	10,491
Direct mail	25,106	24,978
Outdoor transit	3,412	2,656
Other	88	649
Production	49,029	38,505
Total	208,150	202,731

CBS INC

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(212) 975-4321

Marketing Personnel

Louis Dorfsman, vp-creative dir, adv & design
Warren W. Spellman, vp-media services
Ted Andresakes, sr art dir
Ira Teichberg, dir-design services
Naomi Andrews, copy chief
Maureen A. O'Donnell, dir-media services
Dominick F. DiCerto, dir-computer graphics & adv operations

Advertising Agencies

Deutsch, Shea & Evans, New York—CBS recruitment adv—Kay Winterhalter, acct exec.

Doyle Dane Bernbach, New York—CBS corporate media services—Lawrence J. Iannuzzelli, exec vp; Jack Cohen, vp-dir of print/outdoor media buying; Anne Oliver, vp-acct super.

Equity Advertising, New York—CBS recruitment adv—Julia Jacobs, vp.

CBS/BROADCAST GROUP

Marketing Personnel

David F. Poltrack, vp-rsch
George F. Schweitzer, vp-communications & info
Marilyn Bellock, dir-CBG cable services

CBS BROADCAST INTERNATIONAL (Unit of CBG)

Corporate Personnel

Donald D. Wear Jr., sr vp-genl mgr
John M. Eger, sr vp
Ronald W. Chaimowitz, vp-mktg devel
Arthur F. Kane, vp-managing dir

Marketing Personnel

Rainer Siek, vp-intl sales & admin
Charles E. Walsh, vp-worldwide adv sales
Joseph J. DiCerto, dir-adv & promo

CBS TELEVISION NETWORK

Marketing Personnel

William G. Cecil, vp-sales planning, CBS-TV network sales
Jerome H. Dominus, vp-sales
Richard A.R. Pinkham Jr., vp-mktg services, CBS-TV network sales
Heather B. Regan, vp-mktg, affiliate relations
Donald W. Evers Jr., dir-communications

CBS ENTERTAINMENT

Marketing Personnel

Herman Aronson, vp-operations & creative services
Ann Kalman, vp-media services (West Coast)
Morton J. Pollock, vp-adv & promo (West Coast)
Daniel Stern, vp-promo, East Coast, adv & promo
Bruce Weiner, vp-affiliate adv & promo
Kathie Culleton, dir, admin (West Coast)
Tetsuya Matsuura, creative art dir

CBS SPORTS

Marketing Personnel

Richard C. Goldstein, vp-mktg
Robert V. Tassie, vp-communications
Keith Johnson, mgr-adv & media services

CBS NEWS

Marketing Personnel

Douglas C. Clemensen, vp-adv
B. Vincent Loncto, vp-admin
Joseph R. Passarella, dir-adv & promo

CBS TELEVISION STATIONS

Marketing Personnel

Douglas C. Clemensen, vp-adv
Eglon Simons, vp-sales
Bruce Thomas, dir-mktg
Fran S. Kaufman, mktg services mgr
David LaFountaine, dir-communications, WCBS-TV, New York
Ivan Ladizinsky, dir-communications, WCAU-TV, Philadelphia
Lilly Eide, dir-communications, WBBM-TV, Chicago
Michael G. Mischler, dir-communications, KCBS-TV, Los Angeles

CBS RADIO

Marketing Personnel

Michael R. Ewing, vp-genl mgr, CBS radio network
Robert Hyland III, vp, CBS owned fm stations
Edward C. Kiernan, vp-genl mgr, CBS radio spot sales
Robert P. Kipperman, vp-genl mgr, RADIORADIO
Nancy C. Widmann, vp, CBS owned am stations
Stephen J. Youlios, vp-sales, CBS radio networks
Norman S. Ginsburg, dir-mktg & promo, RADIORADIO
Suzanne M. Sack-Dowden, dir-mktg & promo, CBS radio network
Kathleen T. Seipp, dir-mktg, CBS owned fm stations
Louise Stakelin, dir-sales promo & devel, CBS radio reps
Susan Garone, mgr-research/mktg, CBS radio reps

Advertising Agencies

Batz-Hodgson-Neuwohener, St. Louis—KHTR—Clay Hyland, acct exec.

Bower, Dorsey & O'Neil, Houston—KLTR-FM—Bill Penzack, acct exec.

Charisma Communications, New York—CBS Byline Magazine—Lorraine Hartigan, exec vp.

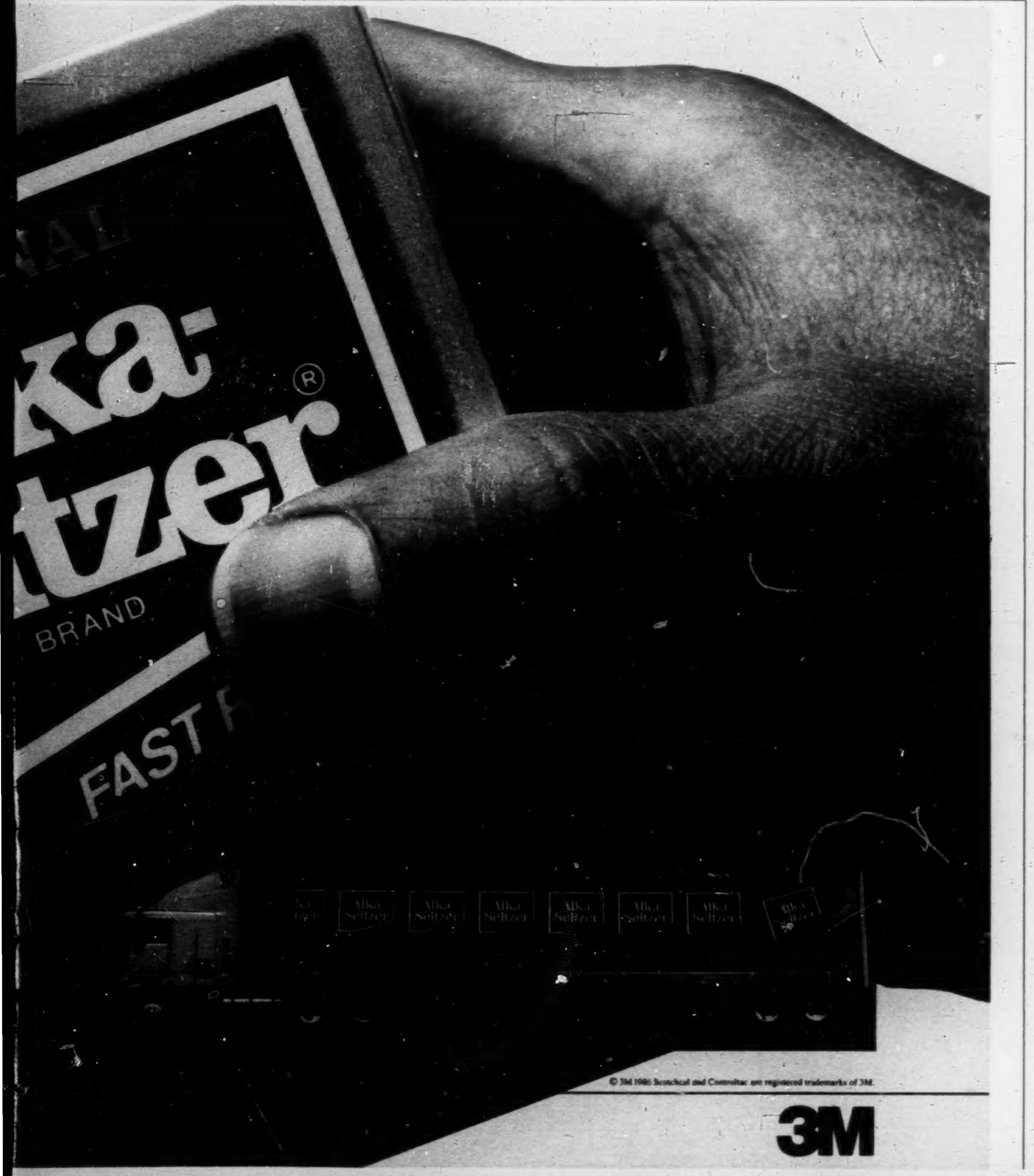
Ted Chin & Co., New York—WCBS—Ted Chin, president.

Cramer-Krasselt, Chicago—WBBM—Art Barnes, acct exec.

D'Arcy, Masius, Benton & Bowles, Chicago—WBBM-TV—Anne Rossen, acct exec.

Della Femina, Travisano & Partners, New York—WCBS-TV—Meredith Uhlmann, acct exec.

Doyle Dane Bernbach, New York—CBS/Broadcast Group, CBS Broadcast International, CBS Sports Division, CBS Television Stations Division, CBS Radio Network Division, CBS Radio Representatives,



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RADIORADIO Network, WCBS-FM—Lawrence J. Iannuzzelli, exec vp; Jack Cohen, vp-dir of print, outdoor media buying; Anne Oliver, vp-acct super.

English & English, St. Louis—KMOX—Alice English, president.

(In-house) Gulf Advertising, Rockville, Md.—WLTT-FM—James Keating, vp-genl mgr.

Jacobs & Gerber, Los Angeles—CBS News Division—WCAU-TV, KCBS-TV—Alison Harris, prod mgr.

McAdams & Ong, Philadelphia—WCAU—Brian Adams, president.

(In-house) Media II, Los Angeles—KCBS-TV—Michael G. Mischler, dir-communications.

Montgomery, Zuckerman & Davis, Chicago—WBBM-FM—John Doi, vp.

Ogilvy & Mather, Los Angeles—CBS Entertainment Division—Marilyn Fidler, vp-mgmt super.

Poindexter/Osaki/Nissman, Los Angeles—KNX-FM—Larry Poindexter, president.

Saunders, Lubinski & White, Dallas—KTXQ-FM—Bob Cook, acct exec.

Serali Advertising, Los Angeles—KNX—Jack Seery, president.

Taylor, Spencer, Granville, San Francisco—KCBS—John Leonard, creative dir.

Xeno, Chicago—CBS CableConnect—Michael Neu, president.

CBS/ RECORDS GROUP

Marketing Personnel

Cornelius F. Keating, sr vp-direct mktg
Robert Altshuler, vp-press & public affairs
Gerard Durkin, vp, CBS Music Video Enterprises and a&r admin
Roger M. Holdredge, vp-mktg, CBS Masterworks
Calvin Roberts, vp-operations mktg (US)
Anne M. McLaughlin, mgr-order services, Columbia Magnetics

CBS RECORDS

Marketing Personnel

Ray Anderson, sr vp-mktg, Epic/Portrait/Associated Labels
Robert M. Sherwood, sr vp-mktg, Columbia Records
Paul R. Smith, sr vp-genl mgr-mktg
John Berg, vp, packaging art & design
Roselind D. Blanch, vp-mktg services
Larry Douglas, vp-mktg, West Coast, Epic/Portrait/Associated Labels
John A. Kotecki, vp-sales
Michael B. Martinovich, vp-merch
Ronald K. McCarrell, vp-mktg, Epic/Portrait/Associated Labels
Thomas A. McGuiness, vp-mktg, branch distribution
Carolee Shepard, vp-adv & design
Jerry Shulman, vp-mktg devel
Robert Willcox, vp-mktg, West Coast, Columbia Records
Roy Wunsch, vp-mktg, Nashville
Thomas S. Asalone, dir-creative services, CBS Special Prods
Yvonne Ericson, dir-media, print & tv

CBS RECORDS INTERNATIONAL

Marketing Personnel

Robert J. Campbell, vp-mktg
Bernice A. Freidus, vp-creative operations
Mauri Lathowers, vp-creative operations (West Coast)
Frank O. Hendricks, dir-mktg admin

COLUMBIA HOUSE

Marketing Personnel

Richard Archer, vp-creative services
Sharon Kuroki, vp-music club mktg
Brian Wood, vp-video club
Marshall Wilcoxen, dir-music mktg

CBS SONGS

Marketing Personnel

Harvey J. Shapiro, exec vp
Deirdre O'Hara, dir-creative operations (East Coast)

Advertising Agencies

(In-house) CRU Advertising, New York—Columbia/Epic, Columbia Magnetics, Columbia Special Prods, CBS Music Video Enterprises, CBS Records International (domestic adv), CBS Songs Division—Yvonne Ericson, dir-media, print & tv.

Wunderman, Ricotta & Kline, New York—CBS Video Club/CBS Video Library—Richard Stollenwerck, sr vp, Columbia/Epic—Morris Baumstein (broadcast advertising). Columbia Record & Tape Club—Peter Rabar, sr-vp.

CBS/PUBLISHING GROUP

CBS EDUCATIONAL & PROFESSIONAL PUBLISHING

Marketing Personnel

David Dusthimer, vp-sales, college
Barbara J. Kimball, vp-mktg, college
Susan Faber, mgr-adv & prod info, college
Joseph M. Krassner, vp-mktg & sales, school
Robert B. McGuire, vp-sales, adoption states, school
Doug Nash, dir-mktg, school
Sally R. Owen, mgr-adv, school
William L. Gibson, vp-sales & mktg, W.B. Saunders
Joan R. Spaulder, dir-adv, W.B. Saunders
Lee Ekelof, media mgr, W.B. Saunders
Scott C. Marden, president, International Publishing
George Rohr, president, TransMedica
Gordon Price vp-mktg & business devel, TransMedica

CBS MAGAZINES

Marketing Personnel

Robert Alexander, sr vp-circulation, CBS magazine mktg
Carl Kopf, vp-president, CBS magazine mktg
Phyllis G. Crawley, vp-communications
Bernard B. Lacy, vp-subscription circulation
Leonard Seminara, vp-dir, CBS travel mktg
Marian White, vp-rsch
Robert I. Chechanover, creative dir

Woman's Day

Corporate Personnel

Anne Sutherland Fuchs, vp & publisher
Gordon R. Burkhard, vp-special prods & publisher, special interest magazines

Marketing Personnel

Robert Mate, vp-adv dir
Meg Callaci, promo dir
Bonnie Geller, dir-mktg services

MONTHLY MAGAZINES

Corporate Personnel

John Miller III, vp & publisher, *American Photographer*
Stephen L. Goldberg, publisher, *Audio*
Michael A. Hurley, vp & publisher, *Backpacker*
J. Samuel Huey, vp & publisher, Boating
Donald M. Hufford, vp & publisher, *Car and Driver*
James A. Frahm, vp & publisher, *Cycle*
James Hansen, vp & publisher, *Cycle World*
Eugene Bay Jr., vp & publisher, *Field & Stream*
Jay Durfee, vp & publisher, *Flying*
Marlene Jensen, vp & publisher, *Home Mechanix*
George F. Morrissey, vp & publisher, *Modern Bride*
Neil Butwin, vp & publisher, *Popular Photography*
Richard A. Bartkus, vp & publisher, *Road & Track*
George A. Hirsch, publisher, *The Runner*
Henry A. Kaiser, vp & publisher, *Skiing*
Roman Beyer, vp & publisher, *Stereo Review*
Oliver S. Moore III, vp & publisher, *Yachting*
Carol L. Klapper, vp & publisher, *Popular Puzzle* Magazines
Peter Veronis, vp & president, CBS magazine network

Marketing Personnel

Anthony F. Incalcatera Jr., assoc publisher, adv dir, *American Photographer*
Stephen Witthoft, adv dir, *Audio*
George L. Degener, adv dir, *Backpacker*
Robert E. Berg, adv dir, *Boating*
Donald R. Cooke, adv dir, *Car and Driver*
Brian J. Murphy, adv dir, *Cycle*
Larry M. Little, adv dir, *Cycle World*
John H. Grant Jr., vp-adv dir, *Field & Stream*
Dick Koenig, assoc publisher, *Flying*
John Young, adv dir, *Home Mechanix*
Howard S. Plissner, genl adv dir, *Modern Bride*
Julian Weiss, adv dir, *Popular Photography*
H. Clifford Parris, vp-adv dir, *Road & Track*
Belle Jauchen, adv dir, *The Runner*
James R. Flynn, adv dir, *Skiing*
Winston A. Johnson, assoc publisher, adv dir, *Stereo Review*
Alexander Armentrout, assoc publisher, adv dir, *Yachting*
Cheryl Regis, promo mgr, *Audio*
Zvia Herrmann, mktg mgr, *Car and Driver*
Arnold Gluskin, mktg dir, *Cycle World, Road & Track*
Richard L. Walter, mktg mgr, *Field & Stream*
Beverly Hood, mktg dir, *Home Mechanix*
Nancy Youngbeck, promo mgr, *Modern Bride*
Molly Garone, promo coord, *The Runner*
Tamra Fischer, promo coord, *Skiing*
Nancy V. Stevens, promo coord, *Yachting*
Charles Alexander, adv dir, CBS magazine network
Sofia Baron, adv services dir, CBS magazine network
Hank Snee, creative services dir, CBS magazine network
Richard Rabinowitz, sales devel mgr, *Popular Photography*

Advertising Agencies

Atlantis, Inc., Hazlet, NJ—Holt, Rinehart & Winston School Unit—Bob Mallm, president.

(In-house) CMZ Advertising, New York—*Backpacker, Boating, Car and Driver, Cycle, Flying, Modern Bride, Popular Photography, The Runner, Skiing, Stereo Review, Yachting*, CMZ subscription circulation—Hank Snee, creative services dir.

David Deutsch Associates, New York—*American Photographer*—Kevin Buckley, media planner.

Flamm Advertising, New York—Holt, Rinehart & Winston, College/Dryden/Saunders unit—Joe Flamm, president.

Leber Katz Partners, New York—CBS magazine mktg, CBS magazine network, *Woman's Day*—Howard Berg, sr vp.

Levy, Flaxman & Associates, New York—*Home Mechanix*—Yvonne Miller, acct exec.

J. R. Navarro, Los Angeles—*Road & Track*—Mike Navarro, president.

Nyerges & Paine Advertising, Beverly Hills—*Cycle World*—Mike Nyerges, presidnet.

Warren/Kremer, New York—*Field & Stream*—Peter Warren, partner.

CBS/FOX

Marketing Personnel

David B. Brown, vp-mktg
Dick Davi, dir-adv & creative services
Gina Vitkansas, cost control coord

Advertising Agency

Doyle Dane Bernbach, New York—CBS/Fox—Bob Stern, acct super.

RANK **52**

Chesebrough-Pond's

Greenwich, Conn.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	2,699	1,522	77.3
Net income	82	120	(31.3)
U.S.	**1985**	**1984**	**% chg**
Sales	2,085	1,144	82.2
Operating profits	167	136	22.8
Advertising	160	149	6.9
Division sales	**1985**	**1984**	**% chg**
Packaged goods	350	348	0.6
Health, beauty	332	304	9.2
Bass	170	172	(1.2)
Prince Matchabelli	138	140	(1.4)
Hospital products	84	75	12.0
Prince	62	65	(4.6)
Polymer	109	52	109.6
International	374	366	2.2

Chesebrough-Pond's purchase of Westport, Conn.-based Stauffer Chemical Co. in 1985 opens a new era for the newly consolidated company, but it also brings uncertainty. C-P spent most of 1985 looking inward as a result of the acquisition, a corporate restructuring and several divestitures.

C-P's marketing and applied research strengths could merge well with Stauffer's foundation in new product and process development, while offering new product lines in categories where C-P is not active, such as household cleaners, pesticides, polishes and waxes for homes and cars.

Chesebrough-Pond's fiscal performance for 1985—net sales up 77.3% and net income down 31% and which included Stauffer Co. results beginning March 15, 1985—became stronger in the first six months of fiscal 1986, ended June 30, 1986. Net income of $99.3 million rose from $44.1 million on sales of $1.6 billion, up 37%.

Chesebrough-Pond's did not introduce new brand categories in 1985, but it was active in brand extensions. It was most aggressive in the health and beauty products category with introduction of Rave Hair Masque deep conditioner in early 1985. The product received $7.8 million in measured media, boosting measured spending for the Rave line of permanents and conditioners to $10.5 million, up 92% from 1984. Major spending for Rave products was divided 43% network tv (all for Rave Hair Masque) and 50% magazine.

The health and beauty products division sales in 1985, which climbed 9.4% from 1984, reflected higher sales of Pond's Cream, Vaseline Intensive Care lotions, Cutex nail polish remover and Vaseline petroleum jelly. One of the biggest increases in measured spending was for Q-tips cosmetic applicators, increasing 209% to $1.8 million in 1985. Measured spending for Q-tips cotton swabs held steady at $6.2 million.

Chesebrough-Pond's continued to dominate the $500 million hand-and-body lotion category with its Vaseline Intensive Care lotion, receiving $9.5 million in measured media, down 21% in 1985. Spending was divided 88% network tv, 12% spot tv. Vaseline Intensive Care has nearly 20% of the category's market share, compared with 11% for American Brands' Jergens and 8.4% for Westwood Pharmaceuticals' Keri lotion. S.C. Johnson & Son came out battling in 1985 with about $8 million in network tv, print and coupon spending to expand its 5% market share with the introduction of Soft Sense with Vitamin E.

Chesebrough-Pond's spending in the hand-and-body lotion category also shifted with the addition in early 1985 of Vaseline Lip Therapy petroleum jelly, which received $1.4 million in measured media. Vaseline petroleum jelly received $2.7 million, up from $99,000.

The company also boosted measured spending significantly for Pond's cold cream, increasing outlays by 329% to $6.4 million in 1985. Spending was divided 91% network tv, 5% spot tv and 4% magazine. "We wanted to put some advertising muscle behind Pond's," which has been neglected in

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See page 129

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recent years, a spokesman says. "We find that whenever we do that we get wonderful results."

The Prince Matchabelli division's sales of health and beauty products increased only 0.5% to $130.5 million in 1985, primarily because of costs associated with new product introductions and softness in the $2.5 billion fragrance category. The division introduced Verve Body Scenting Mist in early 1985, and the Aziza Polishing Pen automatic nail color in late 1984, complementing the growing Aziza cosmetics line, which had estimated 1985 retail sales of about $100 million.

Measured spending for the Aziza line jumped 85% to $5.4 million, largely in magazines (51%) and network tv (37%). Other additions to the Prince Matchabelli line were Decadence, offered by a new marketing branch called Parfums International. Fragrances in general did poorly in 1985, however, with significant declines in the Cachet Noir and Beret women's fragrance lines.

Chesebrough-Pond's package foods division was up 0.7% in 1985 to $346.4 million. The company increased sales of Ragu spaghetti sauce in 1985, a product that already dominates the $840 million category with an estimated 50% share, compared with Campbell Soup Co.'s Prego brand with about a 25% share. The company introduced two new Ragu flavors, in addition to the November, 1985, national launch of Ragu Pasta Meals, a product combining pasta and sauce in a jar that competes with American Home Products' Chef Boy-ar-dee and Campbell Soup Co.'s Franco American canned pastas.

The higher priced Ragu product garnered 15% unit and 18% dollar shares in test markets. A $24 million national print and tv campaign from Waring & LaRosa for Ragu Pasta Meals broke in April, 1986, emphasizing "fresh taste you don't get from a can." The campaign has come under attack from the Can Manufacturers Institute, which has petitioned the Federal Trade Commission, saying the ads falsely infer that glass jars are superior.

The Ragu line received $19.4 million in measured media in 1985, down 18.6%. Ragu spaghetti sauce received $15.7 million of the category's measured spending, divided 66% network tv, 27% network radio and 7% spot tv.

Chesebrough-Pond's troubled Bass Shoe division suffered an operating loss of $14.6 million in 1985 on sales of $170.5 million, reflecting, in part, a soft wholesale market. Sales are expected to improve in 1986 with introduction of Bass Secrets, a line for career women, Bass Air, a line of athletic footwear and the launch of its first national mail order catalog.

Likewise, sales for the Prince division, maker of quality tennis rackets, fell 5.4% in 1985 to $61.9 million, while operating profit fell 7.1%. Measured media for rackets fell 14% in 1985 to $1.9 million. The Prince brand was extended in 1985 to include tennis shoes and apparel. A new line of training clothing was introduced in 1986.

Analysts are impressed with Chesebrough-Pond's ability to pay off its heavy debt from the $1.25 billion Stauffer acquisition. The debt was paid off by March, 1986.

The company is breaking up its Polymer Corp., maker of plastics for appliances and automobiles, which it inherited (for $95 million) in July, 1984, when it bought back about 5% of its shares from New York investor Carl Icahn. Some analysts speculate the Stauffer acquisition was a defensive measure to hold off Mr. Icahn.

Reading, Pa.-based Polymer, once controlled by Mr. Icahn, is being broken up and sold for about $110 million, with its coatings and powders division having gone in July, to Morton Thiokol, Chicago, for an undisclosed sum. Polymer's management is leveraging a buyout of the remaining assets in a transaction expected to be completed by Oct. 1, a spokesman says.

Because of a late cancellation of an advertising insert, there are no pages numbered 57 to 62 in this issue.

C-P also sold off its Health-Tex division for $270 million in September, 1985, in a management leveraged buyout, and it raised cash through a stock offering in February, 1986, through the termination of an overfunded pension plan at Stauffer, by repatriating much of Stauffer's overseas assets and by entering several sale lease-back transactions on plants and property.

The company netted another $50.2 million from the sale in 1985 of three Stauffer subsidiaries it picked up in the acquisition. Chesebrough-Pond's also has its hospital products division on the block, saying it does not meet with the company's long-term objectives. The Greenwich, Conn.-based division had 1985 pretax earnings of $10 million on sales of $84.4 million.

"You have to give them credit in reducing the debt level. But I still don't think Stauffer was a good fit," says Diane Mustain, analyst with Duff & Phelps in Chicago.

"We still haven't seen any new consumer products coming out of this [Stauffer purchase], or if they will bring some new products to market in the household products and pesticides areas," says Diana Temple, of Salomon Brothers, New York.

In other developments, Chesebrough-Pond's chairman-ceo Ralph E. Ward named Robert M. Phillips president-chief operating officer, effective March 1, 1986. Mr. Phillips becomes a leading contender to succeed Mr. Ward, 65, who retires in two years. Mr. Phillips rejoined Chesebrough-Pond's in May, 1985, as exec vp, reporting directly to Mr. Ward. He was assigned to develop strategies for the Stauffer Chemical division as it prepared to enter the household chemical products business, and to oversee operation of Polymer Co.

In a corporate restructuring, Chesebrough-Pond's simplified its makeup into a consumer products group, made up mainly of package foods, health and beauty offerings and other name brand products, and a chemical products group, which oversees agricultural products, basic chemicals and specialty food products.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$20,397	$15,787
Newspaper	670	1,628
Newsp. supp.	123	545
Bus. pubs.	172	101
Network tv	42,151	47,029
Spot tv	5,771	6,324
Network radio	7,969	1,546
Spot radio	947	0
Outdoor	26	53
Network cable	1,424	116
Farm pubs.	3,075	4,242
Total measured	82,724	77,372
Unmeasured	77,068	72,082
Total	159,792	149,454

CHESEBROUGH POND'S CO.
Westport, Conn. 06881-0881
(203) 222-3000

Marketing Personnel

George F. Goebeler, vice chmn-president-coo, consumer prods group
Roy Sambrook, vice chmn-president-coo, chemical prods group
Kenneth R. Lightcap, vp-investor relations & public affairs
Douglas Hopkins, dir-adv & mktg services
Dennis McCarthy, dir-corp communications
John A. Russo, creative services dir
Joseph E. Campion, media dir-consumer prods group

CONSUMER PRODUCTS GROUP
INTERNATIONAL DIVISION

Marketing Personnel

Anthony Butterworth, president, consumer prods

SPECIAL PRODUCTS DIVISION

Marketing Personnel

Carl D. Ward, genl mgr
Kevin O'Connor, special mktg mgr
Roger Foger, special mktg mgr
Jack Finneran, special mktg mgr

HEALTH & BEAUTY
PRODUCTS DIVISION

Marketing Personnel

Gary Malloch, president
William Barker, vp-mktg

Advertising Agencies

William Esty Co., New York—Vaseline brand prods, Pond's prods—Mark Miller, sr vp-mgmt supr; Rosalia Barnes, super; Sue Redding, acct exec, Pond's; Sharon Moss, acct exec, Vaseline.

Lowe Marschalk, New York—Q-tips—Barry Linsky, exec vp-dir mktg services. New prods—Tom Kuhn, sr vp.

Waring & LaRosa, New York—Cutex—Larry Weisberg, acct dir; Gloria Appel, vp-mgmt super; Michelle Guss, acct exec.

HOSPITAL PRODUCTS DIVISION

Marketing Personnel

Thorvald R. Larsen Jr., president
Paul Dewy vp-mktg

Advertising Agency

Klemtner Advertising, New York—hospital prod div—Gavin Scotti, mgmt super; Greg Gull, acct super.

PACKAGED FOODS DIVISION

Marketing Personnel

Charles B. Strauss, president-genl mgr
John W. Rice, vp-mktg
David M. Cooper, group prod mgr, Ragu Spaghetti Sauces
Frederic J. Huser, group prod mgr, Ragu Pizza Quick/Ragu Pasta, Meals/Adolph's

Advertising Agency

Waring & LaRosa, New York—Ragu, Adolph's, Pizza Quik Sauce—Irwin Levy, sr vp-acct super; Clark Olver, vp-mgmt super; Ron James, acct exec; Ellen Dracos, asst acct exec; Ellie Schwartz, acct exec, Pizza Quick Sauce.

PRINCE MATCHABELLI DIVISION

Marketing Personnel

Edward I. Rabin, president
Terry Augenbraun, vp-mktg, cosmetics
Michael Horowitz, vp-genl mgr, Erno Lazlo
Sherr Baker, vp-mktg, Erno Lazlo

Advertising Agencies

William Esty Co., New York—Aviance, Wind Song, Cachet, Chimere, Matchabelli for Men—Tom Hayes, sr vp-acct super; Elizabeth Kimball, vp-mgmt super; Susan Quinn, acct super; Steve Santangelo, acct exec.

Waring & LaRosa, New York—Aziza—Gloria Appel, vp-mgmt super; Ida Dorman, acct exec; Lourdes Fernandez, asst acct exec.

G.H. BASS DIVISION
Wilton, Me.

Marketing Personnel

Richard Bourret, president
Cheryl Driesen, vp-mktg services

Advertising Agency

Geers Gross, New York—Susan Gross, acct super; Noreen DeBonna, acct exec.

PRINCE DIVISION
Lawrenceville, N.J.

Marketing Personnel

John Sullivan, president
Ed Volkwein, vp-mktg
Robert Long, prod mgr; tennis rackets
Tom Ellis, prod mgr, shoes
Pat Taylor, prod mgr, clothes

Advertising Agency

Waring & LaRosa, New York—Gen Shore, vp-mgmt super; Michelle Guss, acct exec; Hamilton Gregg, asst acct exec.

CHEMICAL PRODUCTS GROUP
STAUFFER CHEMICAL CO.
Westport, Conn.

Marketing Personnel

Joseph Monpeleone, president, Intl div
Robert E. Crow, president, Basic Chemicals div
Milan Turk, president, Agricultural Prods div
Conrad S. Kent, president, Specialty & Foods Prods div

Advertising Agency

DFS Wegener Agricultural Group, New York—Intl div, Basic Chemicals div, Agricultural Prods div—Chuck Elkins, vp-group super; Steve Kant, John Martin, acct execs.

RANK **22**

Chrysler Corp.

Highland Park, Mich.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	21,256	19,573	8.6
Net income	1,635	2,380	(31.3)
U.S.	**1985**	**1984**	**% chg**
Sales	18,767	17,240	8.9
Advertising	393	344	14.3
Division sales	**1985**	**1984**	**% chg**
Automotive	21,038	N/A	N/A
Aerospace	217	N/A	N/A

Chrysler Corp. advanced a full percentage point in market share to 11.4% in the U.S. car market in 1985, reflecting growth in its sports car and mid-sized offerings.

The company also continued to diversify, buying a high-tech company and three companies to shore up its lending and credit operations. Chrysler also increased its holdings in Mitsubishi, with which it signed an agreement to build a U.S. auto plant, and began restructuring its marketing division to present more distinctive images from its Chrysler, Plymouth and Dodge lineup.

The market share advance, the industry's largest such gain in U.S. retail car sales, also was matched by a 12.8% share in the U.S. retail truck market, up 0.2% from 1984. But the gain was not matched on the earnings side. Earnings dropped 31.3% because of lump sum bonus payments to employes and retirees and the expense of sales and marketing programs in 1985.

The company's U.S. car sales totaled 1,245,149 units in 1985, a 15.4% increase over 1984. Total truck sales rose 15.3% to a record 606,388 units. Chrysler's top-selling car nameplate for 1985 was Plymouth Reliant, with sales of 138,833 units, up slightly from 1984, followed by its Dodge counterpart, the Aries, with sales of 116,284, up 3.8%.

Strong sales of its sports cars, the Chrysler Laser and Dodge Daytona, pushed the company's share of the small specialty market segment to a record 16.4% with respective sales of 50,957 units, down 4.1%, and 49,533 units, up 10.8%. The new-for-1985 Chrysler LeBaron GTS and Dodge Lancer models increased Chrysler's share of the basic middle segment to 11.7%, the highest since 1978.

Over-all, Dodge division reported 1985 unit sales of 434,325, up 17.6% from the previous year; Plymouth unit sales of 329,731 reflected a 14% increase and Chrysler division unit sales of 375,880 were up 14.4%.

Chrysler Corp. continued in 1985 a two-phase strategy: To keep its auto business healthy and thriving, and to diversify. In June, 1985, Chrysler bought 20% of Gulfstream Aerospace Corp., Savannah, Ga., for $127 million to get more technology in aerodynamics and instrumentation. The company made strides in the financial business, forming a joint venture with General Electric Credit Corp., Stamford, Conn., as a commercial lender.

In July, 1985, the company purchased E.F. Hutton Credit Corp., New York, for $125 million and renamed it Chrysler Capital Corp. In November, it acquired FinanceAmerica, Allentown, Pa., renaming it Chrysler First Inc.

In August, Chrysler signed a joint venture agreement with Mitsubishi Motors Corp. to produce a new line of cars in the U.S. starting in 1988. The new company, Diamond-Star Motors Corp., is headquartered in Bloomington-Normal, Ill. The plant will have a capacity of 240,000 cars a year, with Chrysler and Mitsubishi splitting output equally.

August also brought the domestic auto industry more finance incentive battles. GM offered 7.7% consumer loan rates on some 1985 model closeouts because of a Teamsters strike that delayed shipment of vehicles. Other domestic auto companies responded, including Chrysler with 8.8% financing or a $500 rebate on Dodge Lancer and Chrysler LeBaron GTS, and 8.8% or $400 rebate on K-cars. Undercutting continued into 1986 when in July the company set new sales incentives of 5.5% financing or

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Perspectives from an ANA director

Planning for future should be a priority

Spencer C. Boise, vp-corporate affairs, Mattel Inc. and immediate past chairman of the board of Assn. of National Advertisers—the first chair from a West Coast-based member company—says he is concerned with future planning that is being built into the ANA as a committee.

"We haven't had a formal, high-visibility committee, but future planning will become a standing committee. I think it is a great opportunity for smaller advertisers who want to take part in ongoing work of the organization."

Mr. Boise, who is a member of the ANA executive committee and chairs the nominations committee, headed a task force that examined the eligibility of new members and the ANA dues structure.

"We are taking a new look at national and regional advertisers and reaffirming our basic purpose and objectives," he explains. "We've had to accommodate and adjust for increased mergers. We have addressed this, we believe, with a new, streamlined organization and increased service to members. What this means long term is to gain considerable representation in Washington and expand opportunities for professional seminars and workshops for what amounts to postgraduate advertising courses."

Mr. Boise joined Mattel in 1971 and served in a number of positions related to marketing, advertising, public relations and consumer affairs before undertaking his current responsibilities including corporate and marketing public relations, investor and shareholder relations and consumer affairs.

He has several observations on the trend to agency megamergers and potential for account conflicts.

"The immediate reaction was that [megamergers] disturbed many of the larger advertisers. It may mean that agency consolidations have the potential for unrest, and we may see some fallout . . . some creative people leaving to start smaller shops," he says.

Spencer C. Boise
Mattel Inc.

But, Mr. Boise says, such a move may not be all bad, and he cites the recent example of advertising executive Sandy (Sanford) Buschbaum, who left Revlon to form his own agency.

"In this climate, we have to seize the opportunities as they come," he says.

Mr. Boise, who is a member of the company's advertising review committee and a director of Mattel Foundation, previously worked in brand management and marketing public relation posts at Procter & Gamble.

On the issue of shorter rollout time for new products, Mr. Boise says he has two distinct points of view.

"The P&G perspective was one where we had traditionally a long industry-wide rollout time to test products. At Mattel—with toys, a very creative area—and leisure-time interest on the part of parents and children as to what's new, there is constant pressure to be creative. The toy industry moves rapidly. Because of competition, I believe the trend to shorter rollout time will continue. The problems can come with shorter rollouts, though, such as more failures and less profit and more shareholder pressure."

Previously, Mr. Boise was senior vp-general manager of the Los Angeles office of Harshe-Rotman & Druck. In addition to his ANA work, Mr. Boise has been director of the Council of Better Business Bureaus and previous national president, director and foundation trustee for the Society of Consumer Affairs Professionals.

up to $1,500 rebates on most models through Sept. 6, matching GM and Ford extensions. Chrysler backed its program with major-market newspaper ads.

In the fall of 1985, Chrysler continued the theme, "All the Japanese you need to know" for 1986 vehicles built by Mitsubishi Motors Corp. for Chrysler. The company's goal was to et its captive imports apart from its domestically built cars by positioning them as Japanese. The company increased its holdings in Mitsubishi Motors from 15% to 24%. With the easing of import quotas, Chrysler projected selling 225,000 Japanese-built models in the 1986 model year, a 43% increase over the 1985 model year, to protect itself from the import surge.

Colt four-door sedans and a new four-wheel-drive Colt Vista, a "tall" station wagon, got extra ad support in both tv and print that were aimed predominantly at women.

Chrysler's September-breaking ads for 1986 models were patriotic and comparative. The positioning reflected thinking that Chrysler faces a long-term competitive disadvantage against imports. It also masked a strong boost in ad spending, a shift to its Plymouth brand and changes in media selection. Chrysler used more daytime and prime time tv, radio and cable tv in 986.

In ads, Chrysler's corporate aim was o "be the best." Plymouth was "Born n America," and Dodge again was "An American Revolution." Chrysler-rand ads said, "Chrysler technology akes 'Made in America' mean something again." Plymouth was no longer he lost brand of Chrysler-Plymouth, etting a three-fifths share of C-P pending in the introductory quarter ather than the usual two-fifths.

Dodge car ads were not comparave, but trucks were. In one spot toutg Chrysler's five-year/50,000-mile warranty, a new Dodge truck falls from the sky, but Chevy and Ford warranties "fall short," and those trucks danle off the ground. BBDO, Southfield, Mich., handles Dodge.

In November, 1985, Chrysler reorganized into four operating groups to t the stage for more acquisition and iversification. The groups are Chrysler Motors, which includes all U.S. and foreign automotive operations; Chrysler Financial Corp.; Gulftream Aerospace Corp., and Chrysler Technologies, designed to become the ngine for future Chrysler expansion d diversification.

With the reorganization, Bennett dwell, exec vp-sales and marketing, oved to vice-chairman of Chrysler orp., handling corporate planning d over-all marketing strategies. E. homas Pappert was promoted to oup vp-sales, from vp-sales. He and seph Campana, vp-marketing, now port to Harold Sperlich, who became resident of Chrysler Motors from esident of Chrysler Corp. Chairman e Iacocca's office of the chairman an renamed the corporate executive mmittee and expanded to include obert Miller Jr. as a new vice-chairan of Chrysler Corp., as well as that Chrysler Financial.

In April, 1986, Chrysler decided to ive for market share by passing up e chance to match $400 average ice increases by GM and importers. capitalized on competitors' price kes via ads in newsweeklies that also featured Mr. Iacocca.

In July, Chrysler reached an agreeent with AMC for AMC to build as any as 150,000 M-body cars, includg the Chrysler Fifth Avenue, at MC's underutilized Kenosha, Wis., ant. AMC will be paid per car. The al solves a production capacity oblem for Chrysler.

Also that month, Chrysler reviewed odge division's $125 million relanship with BBDO after that agency rged with Doyle Dane Bernbach, ich handles Volkswagen, and Needm Harper Worldwide, which has creatives within the agency before agreeing to keep Dodge at BBDO.

In June, 1986, Dodge introduced its new '87 midsized pickup truck, the Dodge Dakota. The Dakota is targeted to open a new market segment between compact and full-size pickups.

Also in June, Mr. Iacocca challenged Ford's ad claim of having America's best-built cars and trucks, conducting its own survey among 1986 domestic vehicle buyers that put it ahead of GM and Ford. Ads jabbed at Ford, saying Chrysler is today's best producer of vehicles, implying that Ford may have been yesterday's best.

Two weeks later it broke a network tv spot on the same day Ford broke print ads asserting its claim. Chrysler demanded Ford withdraw its ad, threatening to sue. So far the case has not been resolved.

The company spent between $40 million and $50 million for a late-summer introduction of the Dodge Shadow and Plymouth Sundance. The kickoff of its 1987-88 new product drive included: A new Dodge theme; Chrysler's first use of 15-second tv spots; U.S. Olympic team sponsorships, and heavier targeting of wom

The campaign also was the first ste a sweeping restructuring of Chrysl marketing divisions.

Chrysler, Plymouth and Dodge more distinctive images and marke tasks. Plymouth, traditiona Chrysler's plain-Jane price leader, came the more upscale import-fig pitted against Pontiac and the Ja

Maybe
your next
network buy
shouldn't be
on the air.

new. Sundance costs $100 more than Shadow, a reversal of the old pricing structure. Chrysler emphasizes luxury and competes against Ford's Lincoln-Mercury and GM's Buick, Oldsmobile and Cadillac. Dodge remains Chrysler's power and performance division, aimed at big-volume Ford and Chevrolet with positioning to appeal to young and blue-collar buyers.

To sharpen images over-all, Chrysler turned to more division-exclusive models in 1987.

The performance-oriented Laser was dropped from luxury division Chrysler, leaving Dodge with an exclusive Daytona. Dodge got an exclusive performance version of Shadow; Chrysler got an exclusive on the all-new '87 LeBaron.

"Setting new standards of performance" replaced "An American revolution" as Dodge's ad theme. The campaign kicks off Sept. 14 with sponsorship of the CBS-TV movie "The Last Days of Patton," starring George C. Scott, who became AMC ad spokesman after Chrysler agreed to sponsor the show.

Both Plymouth and Dodge started prelaunch name-awareness campaigns for Sundance and Shadow in late August with 15-second tv spots. After a 90-day introductory phase of 80% tv, the media mix will drop to half broadcast and half print. Ads for the sporty ES version of Shadow said, "Dodge is casting its Shadow across America," and for the four-door for families, "The Shadow knows how to treat your family."

In late 1986, Chrysler plans to introduce a new LeBaron midsized specialty coupe and convertible models. It will be followed by a luxury, two-seat sport convertible Chrysler is developing jointly with Maserati. For 1988 the company will launch an all-new, compact, four-door sedan to replace the venerable K-cars, Aries and Reliant.

Other new products will range from a youthful new subcompact from Diamond-Star Motors to a new entry in the large luxury car segment.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$73,579	$62,881
Newspaper	42,000	34,962
Newsp. supp.	2,185	1,971
Bus. pubs.	1,105	776
Network tv	96,196	91,657
Spot tv	63,133	33,482
Network radio	4,269	4,141
Spot radio	23,549	18,777
Outdoor	3,027	2,130
Network cable	5,126	2,327
Farm pubs.	738	366
Total measured	314,905	275,455
Unmeasured	78,495	68,662
Total	393,400	344,117

CHRYSLER CORP.
P.O. Box 1919
Detroit, Mich. 48288
(313) 956-5252

U.S. AUTOMOTIVE SALES GROUP
Marketing Personnel

Joseph A. Campana, vp-mktg
A.C. Liebler, genl mktg mgr, Chrysler
Joseph N. Caddell, genl mktg mgr, Plymouth
J.B. Damoose, genl mktg mgr-Dodge
Patrick R. Simons, genl mktg mgr, Truck

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, Birmingham, Mich.—George F. Beech, exec vp-genl mgr; Bruce P. Andrews, assoc genl mgr; Lynn H. Vernon, mgmt super, Chrysler; Brian E. Palmer, mgmt super, Plymouth. Chrysler-Plymouth Dealer Assn.—John P. Hickey, sr vp-mgmt super; Douglas Symons, vp-acct super, Plymouth; William J. Shea, sr vp-mgmt super, corp; Robert S. Lytle, acct super, corp; Philip Metz, sr vp-media dir; Elton Kruger, sr vp-dir, media planning; Larry Sexton, sr vp-creative dir; Phil Rosachie, forward planning.

Bozell, Jacobs, Kenyon & Eckhardt, New York—Ken Duskin, exec vp-creative dir; Bruce Montgomery, sr vp-assoc creative dir; Arnold Kusnetz, sr vp-rsch dir.

Bozell, Jacobs, Kenyon & Eckhardt, Los Angeles—John Adams, president; Mark Curran, sr vp-mgmt super, Chrysler Imports; Hy Yablonka, exec vp-creative dir; Nelda Chambers, sr vp-media dir; Renee Fraser, sr vp-dir, rsch & strategic planning. Southern California Chrysler-Plymouth Dealer Assn.—Steve Brodhead, acct super; Susan Burt, acct exec.

BBDO, Southfield, Mich.—William Kelly, exec vp-genl mgr; Ray Schneider, sr vp-finance & admin; Peter Swiecicki, vp-finance; Dennis Goschka, vp-legal counsel; Bill Oswald, sr vp-group mgmt super, Dodge car & truck. Dodge car—Harry Grusche, sr vp-mgmt super, Dodge car; Bob Williams, Gordon Berg, vps-acct supers, car; Dick Williams, vp-acct super, forward planning. Dodge truck—Michael Graham, vp-mgmt super, truck; Calvin E. Moore, acct super, truck. Research—Tom Neman, sr vp-dir, rsch & planning; Tom Townsend, vp-assoc rsch dir. California Marketing/Direct Connection—Marc Caroselli, acct super. Media—Gene McCarthy, sr vp-exec media dir; Ted Zahrfeld, vp-media dir, car; Joseph Caponigro, vp-media dir, truck; Sue Stoll, vp-broadcast media dir. Creative—Peter M. DeLorenzo, sr vp-exec creative dir; Richard Howting, creative dir, car; Jerry Hunnicutt, assoc creative dir, truck. Dodge Dealer Assn—A. David Jones, sr vp-mgmt super. Dodge Dealer Adv Assn.—Denise Robinson, acct super; Todd Bredler, vp-creative dir.

BBDO, New York—John Smart, mgmt super; Harold Kobikows, acct exec.

BBDO, Los Angeles—Glenn Campbell, vp-pr.

Ross Roy Inc., Detroit-corp merchandising, corp adv for Chrysler Marine, Chrysler service & parts operations, Chrysler Fleet operations, Chrysler Institute, Chrysler diversified operations—Glen W. Fortinberry, chmn-ceo; Richard Ward, exec vp-dir merchandising; James Vehko, sr vp-group acct super; John Oliver, sr vp-genl mgr, Ross Roy Productions; Donald Baldwin, Thomas Kemper, James Sanfilippo, Don Schlick, Rex Smith, vps-group acct supers; Robert West, vp-acct super; Michael Webster, acct super; George Abdallah, Clark Reid, acct execs; Gerald N. Moody, sr vp-mktg services; Robert Steiger, exec vp-creative dir.

Introducing the Harte-Hanks Direct Network.

Now you can make direct marketing a part of your media mix as easily, and as efficiently, as a network broadcast buy.

With the first network that specializes in all aspects of direct marketing. Our network. The Harte-Hanks Direct Network.

Why Direct Deserves More Of Your Ad Dollars.

The reasons are all around you. They're the 240 million plus *individuals* that make up the U.S. market. And their extremely diverse lifestyles.

Targeting is no longer a media technique. It's a survival technique. And nobody does that better than we do.

Why Us Versus The Other Direct Marketers?

It's not because we've been doing it longer. Or because we're bigger than most of the others. It's because *we can deliver a greater return on your direct marketing dollar.* And that's not a function of size. It's a function of scope.

First We'll Help You Find Your Customer.

We can do that in a number of ways. Our Marketing Services Group can conduct qualitative or quantitative studies to profile the people with the highest potential for you.

Or, using your existing customer files or profiles, we'll put the power of computerized databases to work. Databases that encompass approximately 98% of the U.S. households.

Databases with the names and addresses of almost every individual in the U.S. But more importantly, databases with the most complete and comprehensive customer profiling capabilities you've ever experienced.

The result—the most accurate list of prime-potential customers you've ever encountered.

Once We've Found Them, We'll Show You How To Move Them.

Creating a direct mail piece your customers can't refuse to open is something the people at Harte-Hanks Direct Marketing excel in. And their collective creativity and savvy is yours when you buy into the Harte-Hanks Direct Network.

We Have 27 Production Plants Standing By.

Last year, the Harte-Hanks Network handled over five billion direct mail pieces. And many times within deadlines that are hard to imagine.

And our printing capacity covers everything from self-mailers to full color catalogs.

Nobody Moves It Through The Mail Like We Do.

Because nobody knows the U.S. Postal Service like we do. But that only makes sense, since we're one of their largest customers.

That helps you a number of ways. The first is in that most precious of commodities—time. We've developed a number of systems to insure your mailing moves through the postal system quickly and efficiently.

The second is one of economics. We can put your direct mail program in the mail at the absolute *most cost effective rate* available. Even if it means using our own trucking firm to deliver your materials to various postal zones. (A technique that recently saved one of our customers $85,000 on one mailing alone.)

Some Typical Successful Network Buys.

- By more accurately isolating potential customers with the highest likelihood of purchase, Harte-Hanks Network *lowered the overall mailing list by 30%, dramatically reduced mailing costs, yet maintained sales levels for a major national retail chain.*
- A 65-unit furniture store chain improved sales during a historically slow sales period *by 20%* as a result of their network buy.

We Never Let Your Hot Prospects Cool Off.

Our Telemarketing Group can handle all customer responses via our 800 number system.

Our Fulfillment Group can respond quickly to every type of promotion or customer inquiry.

We can even provide complete response analysis. To determine what aspects of the program worked best, and thus make every subsequent mailing work even better.

Just Call Us Direct.

It's easy to reach the network at Harte-Hanks. Just pick up the phone and call 1-800-526-5368. Or write

Harte-Hanks Direct
Marketing, National
Marketing Headquarters,
1329 Arlington Street,
Cincinnati, Ohio
45225-1380.

So call or write today. Because whether you use the services of the entire network, or only select a few, the sooner you call, the sooner you'll see how effective a network buy can be for you. With Harte-Hanks.

All women 24 to 49 aren't alike. The Harte-Hanks Direct Network delivers only the ones with the highest potential for you.

Harte-Hanks Direct Marketing

"Your Direct Network."

HARTE-HANKS DIRECT MARKETING

RANK
79

Clorox Co.

Oakland, Cal.

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,090	1,055	3.3
Net income	95	86	11.0
U.S. advertising	107	110	(2.8)

Clorox Co., which continues its drive to lessen its dependence upon its once sole product, liquid chlorine bleach, is expanding its ad budget to boost new products ranging from household cleansers and laundry detergents to mesquite charcoal and salad dressings.

Clorox's drive to diversify through an aggressive program of new product development seems to be paying off. While only four years ago, bleach sales accounted for about 50% of its total earnings, today they make up 30%. Sales of liquid and dry bleach account for 40% of Clorox's profits, however.

Clorox continues to support Clorox liquid chlorine bleach substantially, spending $9.3 million in 1985, down only 1% from 1984.

With an eye to boost its 57.2% of the sluggish U.S. bleach market, estimated at $600 million by Clorox, the company began shipping its premium-priced Fresh Scent Clorox liquid bleach in January, 1986. Analysts are optimistic about the long-range prospects for Fresh Scent, predicting it may increase its sluggish bleach business by as much as 5% in coming years.

Clorox promotes the bleach-that-doesn't-smell-like-a-bleach with tv commercials promising, "Fresh Scent Clorox delivers the same cleaning and Clorox quality in a new fresh scent." Fresh Scent's packaging resembles that of Clorox's traditional liquid bleach, but its cap and diamond insignia are different colors.

The company hopes to brighten its prospects in the $452 million household cleaner market by introducing Tackle, a disinfectant containing bleach. Clorox supported the rollout of the herbal-scented cleaner, touted for use in cleaning bathrooms, kitchens and floors, with tv and print advertising, accompanied by coupons and retail trade events to encourage trial. Media spending for Tackle, which so far has captured 5% of the all-purpose, pine oil liquid cleaners market, totaled $9 million. The company didn't market test the herbal-scented cleaner, which shipped nationally in February.

Unlike Tackle, Clorox chose to test Fresh Scent, the herbal scented version of its liquid chlorine bleach, for nearly three years. It had been tested in Dallas, Memphis, Wichita, Kansas City and Oklahoma City.

At present, Clorox has two new products in test markets. In August, 1985, the company entered the $2.6 billion laundry detergent market, introducing Act, a concentrated laundry detergent in an unusual premeasured "action pak," in Bakersfield, Cal. The company since has taken Act out of Bakersfield, but expanded the test into Dallas, Atlanta and Oklahoma City.

Marketing powerhouse Procter & Gamble, Clorox's former parent, quickly reacted to Act's introduction, coming out with a similar new product called Cheer Power Pouches. The Cheer pouches since have been removed from test market, and the product's fate is uncertain.

In September, Clorox began testing a new heavy-duty abrasive liquid cleanser called Strike. It is currently available in Massachusetts, Pennsylvania, Georgia and Texas. At the same time, P&G began testing a soft abrasive cleanser under its Mr. Clean brand in Dallas-Fort Worth.

In 1984, Clorox gave up on another test product, Wave, a heavy-duty dry bleach, after it failed to perform well in two attempts at test marketing. Wave competed against Vibrant, a P&G brand in test since 1981.

Other products in Clorox's brand line receiving sizable media backing were Tilex tile cleaner and Clorox 2 bleach. Tilex mildew stain remover remains the leader in its category, with media spending remaining stable at $2.2 million. Clorox 2, with a 60% share of the all fabric bleach segment, received media support of $10 million, up 2.5% from 1984.

Spending for Liquid-Plumr declined 20%, to $3.8 million, while Clorox boosted spending for its Soft Scrub cleanser 20%, to $7.1 million.

The company continued to build on the success of its bottled Hidden Valley Ranch salad dressing line, adding a Thousand Island flavor to its Original, Country Recipe and Garden Herb varieties in 1985. In April, 1986, the company also added an Original Ranch with Bacon flavor. Clorox introduced the bottled line, a variation on its successful dry mix, in 1984.

In February, 1985, Clorox introduced a reduced calorie version of its Hidden Valley Ranch original flavor dry mix salad dressing.

Though the company's architectural coatings business (paints and stains) contributed 10% of total sales, analysts call the division a disaster. Basically four years in the making, beginning with Clorox's purchase in 1981 of Olympic and Carver Tripp paints and stains from Comerco Inc. and followed by the 1983 acquisition of marketing rights to Lucite from Du Pont, the business continues to flounder.

To date, Clorox has invested $180 million in the Lucite and Olympic brands, only to see the products' market share erode. Spending for Lucite dropped 17% to $3.6 million. Olympic paints and stains declined 18% to $4 million.

Clorox increased its presence in the $260 million cat box filler market in 1984 when it added Fresh Step, an odor-controlling cat litter, to its first entry, Litter Green.

Alfalfa-based Litter Green, introduced in 1971, has continued to lose share, while clay-based Fresh Step, which features a microencapsulated fragrance released whenever a cat steps on or scratches the litter, has boosted its share to 15%.

Fresh Step drew $2.4 million in 1985 in measured spending, down 64% from 1984's $6.6 million. Clorox discontinued advertising for Litter Green in 1985.

In July, 1985, Clorox split advertising responsibilities into product categories among its three largest agencies, reassigning some brands among Needham Harper Worldwide, Chicago, and Young & Rubicam and Foote, Cone & Belding, both San Francisco. Needham, responsible for Clorox's charcoal and cleanser categories, added Match Light instant lighting charcoal briquets and Soft Scrub mild abrasive liquid cleanser, both from FCB. Y&R, which handles the salad dressing, architectural coatings and cat litter categories, picked up Lucite interior and exterior paints from Needham.

FCB, the client's agency for bleach and hard-surface cleaners, won two unidentified new product assignments.

Clorox continues to update existing products to keep abreast of changing consumer preferences. In April, 1985, it came out with Kingsford charcoal with mesquite.

A year later, Clorox introduced a new formula for its Match Light instant lighting charcoal briquets that can be lit without lighter fluid.

Clorox updated its Twice As Fresh air freshener line in April, 1986, adding a Honeysuckle Morning fragrance to the now seven-fragrance line.

In December, 1985, Clorox assumed a leadership role, asking the tv networks to begin accepting stand-alone 20-second commercials, a move that would further erode the 30-second spot as the tv standard.

So far, only CBS has accepted the independent 20s, providing Clorox find its own partners in the 60-second commercial pod. At present, Clorox doesn't have any 20-second commercials on the air.

Clorox has announced its intention to divest the company's Emil Villa's Hick'ry Pit restaurant division, deciding that the chain doesn't fit into its long-term strategy.

In October, president Charles R. Weaver was elected ceo. John W. Collins, exec vp, succeeded Mr. Weaver as chief operating officer. Former chair-

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$11,934	$13,553
Newspaper	929	367
Newsp. supp.	1,812	27
Bus. pubs.	668	528
Network tv	45,122	51,499
Spot tv	13,588	12,755
Network radio	1,671	243
Spot radio	67	426
Outdoor	2	1
Network cable	4,144	2,813
Total measured	79,936	82,213
Unmeasured	27,169	27,943
Total	107,105	110,156

CLOROX CO.
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(415) 271-7000

Corporate Personnel

John W. Collins, president-coo
R.C. Richter, vp-Olympic Home Care prods
W.E. Lynn, vp-Kingsford prods
G.C. Sullivan, vp-household prods
A.W. Biebl, vp-foodservice prods

Marketing Personnel

David L. Goodman, vp-public affairs & mktg services
R.P. Johnson, adv mgr-household prods
M.A. Perry, adv mgr-Kingsford prod
K.S. Koelman, dir-mktg, Clorox foodservice prods
D. Rice, mktg mgr-Olympic Home Care prods
R.H. Bolte, dir-media operations

Advertising Agencies

Anderson/Rothstein, San Francisco—Hidden Valley Ranch, Dornani Italian food prods, Pitch 'R Pak—Kim Rothstein, acct super.

Foote, Cone & Belding, San Francisco—Clorox bleach, Clorox Fresh Scent, Clorox 2, Formula 409, Tackle, Twice As Fresh, Tilex, new prods—John Loden, mgmt super.

Needham Harper Worldwide, Chicago—Act, Clorox Pre-Wash, Liquid-Plumr, Match Light, Soft Scrub, Kingsford charcoal, Strike—Stewart Sharpe, mgmt super.

Scott Inc., Milwaukee—Moore's frozen foods, Clorox liquid bleach, Formula 409 for Clorox food service customers—Charles E. Reynolds, mgmt super.

Young & Rubicam, San Francisco—Matchlight, Kitchen Bouquet, Fresh Step, Hidden Valley Ranch dry salad dressing, bottled Hidden Valley Ranch, Litter Green, Olympic paints & stains, Carver Tripp interior stains and finishes, Litter Green, Lucite interior and exterior paints, new prods—Craig Branigan, mgmt super.

RANK
23

Coca-Cola Co.

Atlanta

($ in millions)

Worldwide	1985	1984	% chg
Sales	7,903	7,364	7.3
Net income	722	629	14.8

U.S.	1985	1984	% chg
Sales	4,909	4,566	7.5
Operating profits	548	560	(0.3)
Advertising	390	409	(4.6)

Division sales	1985	1984	% chg
Soft drinks	5,510	5,015	9.9
Foods	1,321	1,465	(9.8)
Entertainment	1,072	885	21.1

The year has seen some bubbles pierced in Coca-Cola Co.'s considerable array of carbonation. In particular, Coca-Cola gave up its bid to buy Dallas-based Dr Pepper Co. for $470 million in the face of an antitrust challenge from the Federal Trade Commission. The merger would have boosted Coca-Cola's share of the soft drink market from 38.6% to 45.7%.

After voting that the acquisition would reduce competition in the industry, the FTC went to court to argue the deal would increase beverage prices and damage smaller competitors. A federal judge ordered a temporary injunction pending FTC administrative hearings. With that, Coca-Cola said it had called off the merger plans.

One of those small competitors, Royal Crown Cola Co., then dropped its antitrust challenge in federal court in Georgia. But the end of the deal hardly meant the demise of Coca-Cola. One analyst suggests the company still will garner the 45.7% share of the market, only it will take longer.

Coca-Cola's nearly $8 billion in net operating revenues in 1985 maintained its position as the largest manu-

Where does your publication stand compared to the competition in advertising revenues earned this year to date?

Turn to LNA for answers.
See page 93

WHY BE A LITTLE FISH IN A BIG POND?

WHY BE A LITTLE FISH IN A BIG POND? FOOD SALES ARE COOKING IN YUMA-EL CENTRO.

Yuma-El Centro has a big appetite. In just five years, food sales per household increased 45.2%, outperforming the state by 21%, region by 20% and entire United States by 28%. Effective Buying Income increased 42.6% and is expected to increase 61.3% by 1989. So if you're hungry for greater sales, KYEL-TV in Yuma-El Centro has the appetite to satisfy your craving.

KYEL-TV DOMINATES THE MARKET.

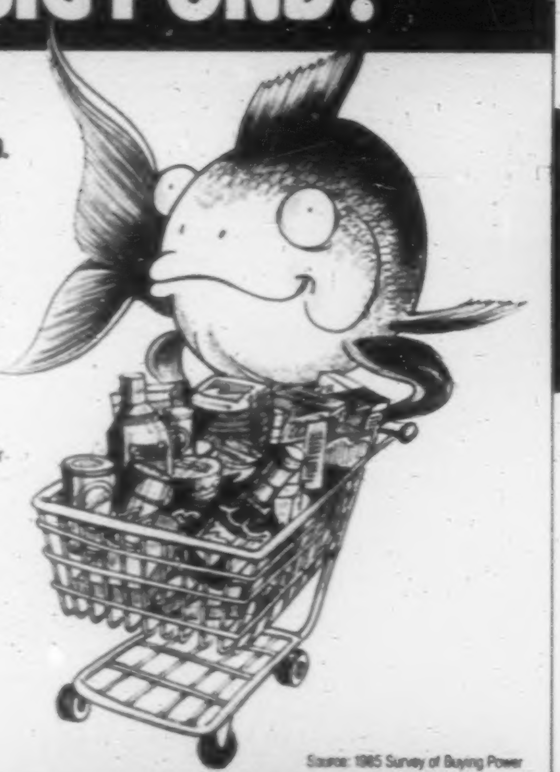
We've got the facts, figures and programming, including the #1 News, to help your sales do some cooking of their own.

BE A BIG FISH

BEAM COMMUNICATIONS

KYEL-TV, NBC, Yuma, AZ – El Centro, CA
WDAM-TV, NBC, Laurel-Hattiesburg, MS
WPBN-TV/WTOM-TV, NBC, Traverse City – Cadillac – Cheboygan, MI
WCFT-TV, CBS, Tuscaloosa, AL

Represented by Katz Continental



Source: 1985 Survey of Buying Power

YUMA, ARIZONA
EL CENTRO, CALIFORNIA

KYEL-TV NBC
YUMA ARIZONA-EL CENTRO CALIFORNIA

Coca-Cola has further shored up its position with the announcement it will make the largest acquisition in the company's history—the $1.4 billion buyout of Coca-Cola bottling properties owned by the Chattanooga, Tenn.-based JTL Corp. Two weeks before that announcement, Coca-Cola agreed to pay $1 billion to buy all the Coke bottling operations of Chicago-based Beatrice Cos.

Together with what the company already owned, the acquisitions will give Coca-Cola control of about 31% of its domestic volume. Coca-Cola president-ceo Donald Keough says the company may now create a new "free-standing" bottling company that might make a public offering of stock.

Coca-Cola also added to its interests in the entertainment sector with the purchase last year of two tv production companies, Embassy Communications and Tandem Productions. In August, 1985, it sold the Embassy Home Entertainment subsidiary to a Canadian company, Nelson Holdings International Ltd. of Vancouver, for $85 million.

Coca-Cola already had paid an estimated $200 million for Merv Griffin Enterprises in 1985 and, with it, rode the wave of two of the hottest shows in syndication, the cerebral "Jeopardy" and the heart-thumping "Wheel of Fortune."

Coca-Cola's Columbia Pictures is scoring success this summer with "Karate Kid, Part II," which through mid-August had tallied more than $85 million in gross theater receipts, and its Tri-Star Pictures' "About Last Night," grossing over $45 million through mid-August. Coca-Cola owns 42% of Tri-Star, which had the No. 2 box office hit of 1985 in "Rambo: First Blood-Part II," grossing $135 million. Columbia released the big hit in 1984, "Ghostbusters."

To further shore up its entertainment business, the company this year also made Walter Reade Organization, operator of 12 motion picture screens in New York City, a wholly owned subsidiary.

The company in 1985 bought Nutri-Foods International, a maker of fruit juice dessert products, and sold Presto Products, a supplier of plastic packaging, and Winkler/Flexible Products, a supplier of plastic cutlery and straws.

To support it all, Coca-Cola spends heavily on advertising. It reported to the Securities & Exchange Commission total worldwide media advertising costs of $629.9 million in 1985, a hike of nearly 18% from the year earlier.

Beverage Industry, a trade journal, reports Coca-Cola spent $130.4 million to advertise its major brands—Coca-Cola Classic, Coke, diet Coke, cherry Coke, diet Sprite and Tab—on tv last year. *BI* reports Pepsi-Cola spent $107.6 million for tv advertising on seven major brands.

Coca-Cola measured spending in 11 media monitored in this report was $231.6 million in 1985. The Leading National Advertisers seven-media total was $210 million, down 4.4%. New Coke, the slightly sweeter drink introduced amid consumer resistance last year, accounted for about $52 million of this and diet Coke, $32.2 million.

Coca-Cola, with its various brands, leads archrival Pepsi-Cola with a 38.6% share of market, compared with Pepsi's 27.4%. Dr Pepper trails with 7.1% and Seven-Up Co., 6.3%. However, brand Pepsi leads the individual entries with a 17.4% share, down from 17.6% in 1984, according to John C. Maxwell, analyst with Furman Selz Mager Dietz & Birney, New York.

Brand Pepsi moved into the No. 1 spot by default because of the splitting of former No. 1 Coke into Classic and regular Coke, a multibrand strategy, planned or not, that gave Coca-Cola a higher corporate share.

Coca-Cola's Coca-Cola Classic is the No. 2 individual leader with a 14.2% share, with regular Coke No. 3 at 7.0% and diet Coke No. 4 at 6.7%, up from 5.2%. Comparative figures for regular Coke and Classic in 1985 are not applicable because of the lack of a full-year's performance for either.

The company's Sprite ranked No. 7 among all soft drinks with a 3.7% market share, up from 3.4%, and one notch behind No. 6, Seven-Up, with a 4.7% share.

Dr Pepper would have provided Coca-Cola with the No. 5-ranked brand at 5.6%, up from 5.2%. Over-all Dr Pepper Co.'s share in the soft drink market is 7.1%, up from 7% in 1984.

Coca-Cola is even a bigger winner in the rapidly growing diet side of the soft drink market with a 44.1% market share in 1985, up from 43.5%. PepsiCo grew to a 24.9% share, up from 21.5%. Dr Pepper was the big loser, dropping to 4.8% from 6%.

In the sluggish caffeine-free sector, Coca-Cola moved against PepsiCo. Its 3[illegible].5% share of market in 1985 rose from 31.5% in 1984 as PepsiCo's 43.8% slipped from 44.7% in 1984, according to Mr. Maxwell.

Coca-Cola helped unfold a new category in 1985 with the introduction of Cherry Coke, No. 11 in the over-all soft drink market. The product finished the year with a 1.6% share of market with case sales of 110 million. It achieved the highest sales of a new entry in its first year on the market by Mr. Maxwell. Other cherry colas soon hit the market, including Cherry Royal Crown, with a 0.2% share, and cherry cola Slice.

With it's "Catch the wave" and "Just for the thrill of it" campaigns, Coca-Cola is, according to analyst Martin Romm of First Boston Corp., trying to "associate Coca-Cola with everything that's good about America."

And the campaign for Coca-Cola Classic, the company's leading soft drink, "reflects the image of the modern American spirit," according to Ira C. Herbert, exec vp and corporate marketing director of Coca-Cola Co. He adds the "Red, white and you" campaign reflects the "mood, the tempo, the confidence and optimism of living in the U.S.A. in the 1980s."

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$9,059	$10,794
Newspaper	6,941	6,747
Newsp. supp.	997	166
Bus. pubs.	835	647
Network tv	114,708	140,104
Spot tv	76,188	64,865
Network radio	791	0
Spot radio	14,732	13,932
Outdoor	3,852	3,620
Network cable	4,375	2,756
Total measured	232,478	243,632
Unmeasured	157,522	165,080
Total	390,000	408,711

COCA-COLA CO.
P.O. Drawer 1734
Atlanta, Ga. 30301
(404) 676-2121

Coca-Cola USA

Corporate Personnel

Brian G. Dyson, exec vp, Coca-Cola Co., president, North American Soft Drink Business Sector

Marketing Personnel

John C. Redi, sr vp, mktg, Coca-Cola USA
Deborah Gunnells, mgr, graphics and design services, Coca-Cola USA
Jacquie Turner, dir-adv & production services
William L. Schermerhorn, dir-mktg, Cola brand
C. Patrick Garner, group brand dir-citrus brands
Mike Beindorff, group brand dir-diet brands
Kenneth F. Craft, dir-promo services

COCA-COLA FOODS

Corporate Personnel

E.V. Amoroso, sr vp, president-foods business sector
Grady Tiller, president, coffee unit
H.S. Robinson III, president-ceo, Coca-Cola Foods Canada

Marketing Personnel

Scott A. Wallace, exec vp-mktg, foods business sector
Anthony J. Rebello, sr vp, food service
T.J. Waas, sr vp-mktg, foods business sector
D.W. Valentine, dir-mktg rsch, foods business sector

Advertising Agencies

Burrell Advertising, Chicago—black consumer adv—Tom Burrell, president; Sarah Burrough, sr vp-genl mgr; Bill Sharp, sr vp-genl mgr, Atlanta; Chuck Wimbley, sr vp-acct services; Neva Richardson, acct super.

Castor Spanish International, New York—Hispanic adv—Castor Fernandez, president; Carlos Delgado, media dir; Susan Nassberg, assoc media dir; George Raynardus, genl mgr; Renee Glicklish, prod mgr; Roberto Manzano, creative dir.

Lowe Marschalk, New York—Sprite, Diet Sprite, Mr. PiBB, sugar-free Mr. PiBB, Minute Maid orange soda, Fresca, Mello Yello—Richard Villante, genl mgr; Eric Einhorn, exec vp, Sprite; Dan Cohen, exec vp; Joseph DePreta, Peg Jump, mgmt supers; Lil Panettiere, mgr.

McCann-Erickson, New York—Coca-Cola, caffeine-free Coca-Cola, Fanta—Edward Comiskey, sr vp-group dir; Marsha Badanes, sr vp-mgmt rep; Melvin Philpott, vp-gmt rep; Lawrence Glucs, vp-acct exec; Nancy Bamberger, Susan Kveton, Robert Montagnese, acct execs.

SSC&B:Lintas, New York—Coca-Cola Classic—Stone Roberts, exec vp-chmn, strategy review board; Rudy Bechtel, exec vp; Becky Broers, vp-acct super; David Alport, Ned Russell, acct execs. Diet Coke, caffeine-free diet Coke—Terry Rosenquist, exec vp; Don Lenehan, sr vp; Michael Skoletsky, vp-acct super; Lisa O'Connell, Sheila Dailey, acct execs.

ENTERTAINMENT SECTOR

New York

Corporate Personnel

Francis T. Vincent, Jr. exec vp, Coca-Cola Co., president-entertainment business sector
James R. Spitz, president, Columbia Pictures domestic distribution

Marketing Personnel

D. Frank Jones, sr vp-mkt rsch
Steven Kasloff, sr vp-creative dir, adv
Shelly Hocron, mktg consultant
Diane Charbanic, sr dir-media, adv
Charles Bigbee, dir-print production
John C. Flinn, dir-industry relations
Jack Friend, dir-co-op adv
Patrick D. Walters, dir-adv admin

COLUMBIA PICTURES

Burbank, Cal.

TELEVISION GROUP

Corporate Personnel

Herman Rush, president
Barbara Corday, president-Columbia Pictures Television

Marketing Personnel

Kay Dangaard, vp-adv, publicity, promo
Steve Astor, vp-adv, publicity, promo
David Mumford, vp-rsch

COLUMBIA PICTURES MERCHANDISING

Marketing Personnel

Lester J. Borden, genl sales mgr

COLUMBIA PICTURES PUBLICATIONS

Corporate Personnel

Frank J. Hackinson, president

Marketing Personnel

John Kelleter, exec vp-mktg & sales

Advertising Agencies

Ogilvy & Mather, Los Angeles—Elizabeth Oldknow, mgmt super; Gary Elliott, sr vp-exec group dir.

Scali, McCabe, Sloves, New York—Richard Ginsberg, acct super; Terry Powers, acct exec.

Colgate-Palmolive Co.

RANK **34**

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	4,524	4,369	3.5
Net income	109	72	53.0
U.S.	**1985**	**1984**	**% chg**
Sales	2,170	2,025	7.1
Operating profits	196	171	14.8
Advertising	253	259	(2.2)
Division sales	**1985**	**1984**	**% chg**
Household	3,427	3,369	1.7
Healthcare	813	757	7.4
Specialty mktg	284	244	16.4

Colgate-Palmolive Co. increased product introductions and focused on its core businesses of personal and healthcare products in 1985. It also pulled $100 million in advertising from Ted Bates Worldwide, its agency for 46 years, after that agency agreed to merge with Saatchi & Saatchi plc, London, one of the agencies serving archrival Procter & Gamble.

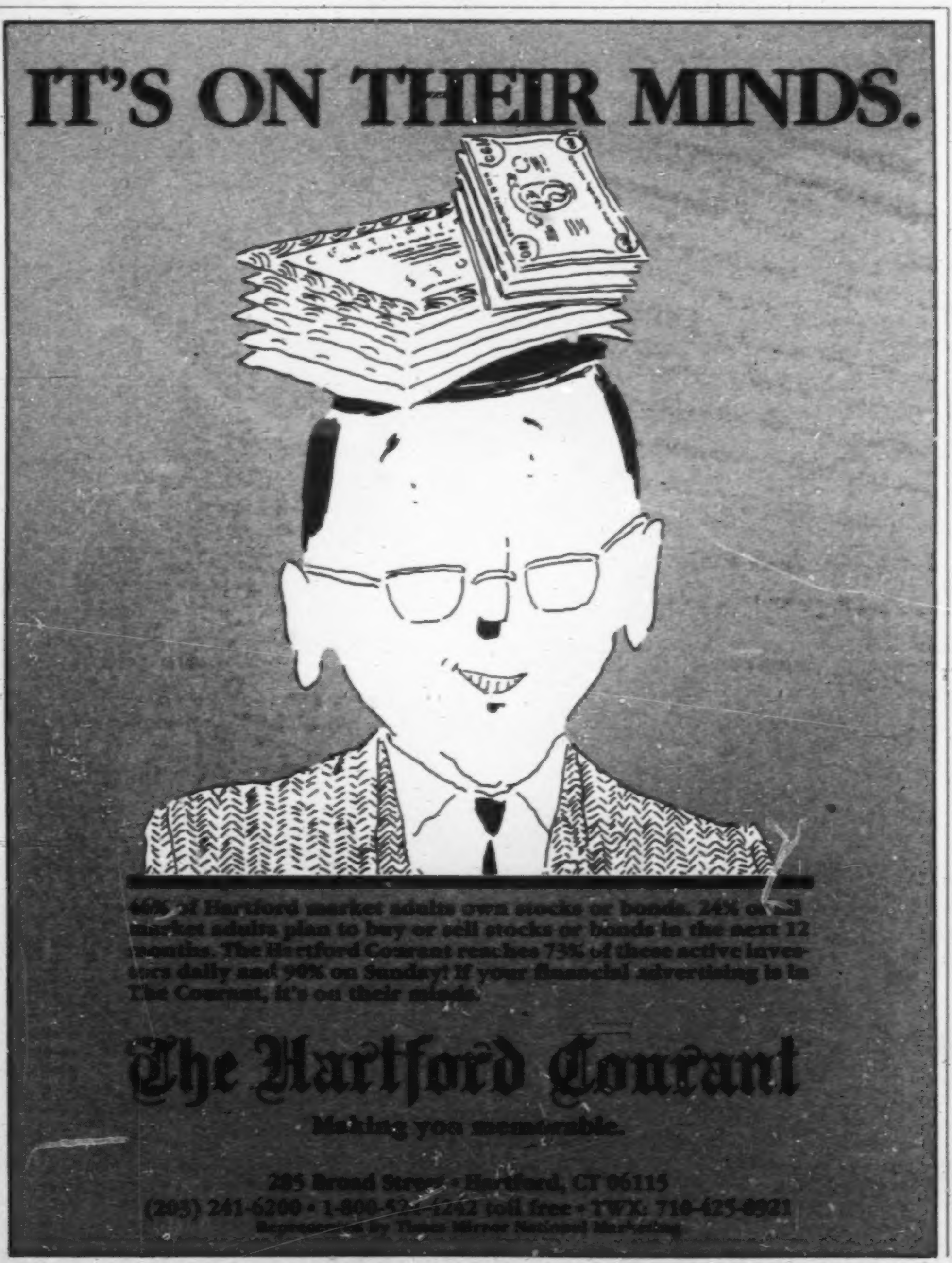
The company accelerated product introductions last year to 227, backed with a record $82 million in product research and development, while it revamped advertising strategies, packaging and product formulations for nearly all its major brands.

Revamped or reformulated products included lemon-lime Palmolive dishwashing liquid, Ajax multisurface cleaner, Dynamo 2 and Liquid Fab laundry detergent with fabric softener. New products include Cleopatra luxury beauty bar, Colgate Plus toothbrushes, and Dentagard toothpaste.

Colgate's new alignment of its global agency business emphasized its commitment to regional rather than global marketing.

In December, it realigned $40 million worth of global ad business among its then three agencies, Bates, Foote, Cone & Belding and Young & Rubicam, leaving Bates at the time in charge of only one European account, in Spain, but the dominant agency in the Asia-Pacific area. After the mega-merger fallout in March, 1986, FCB, strong in Colgate's Latin American business, picked up the Colgate assignments in the Asia-Pacific area as well, from Bates to join from Y&R in the region.

Y&R, Colgate's dominant agency in Europe, is now Colgate's top world-


IT'S ON THEIR MINDS.

66% of Hartford market adults own stocks or bonds. 24% of all market adults plan to buy or sell stocks or bonds in the next 12 months. The Hartford Courant reaches 73% of these active investors daily and 90% on Sunday! If your financial advertising is in The Courant, it's on their minds.

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wide agency with billings of about $150 million. FCB has worldwide Colgate billings of about $125 million.

Major brand reassignments in the wake of the Bates-Saatchi marriage include Colgate regular and gel toothpastes, with $31 million in measured media last year, Colgate toothbrushes and Palmolive Rapid Shave going to Y&R. That agency already handled Colgate's Fresh Start laundry detergent and Irish Spring soap. Dentagard toothpaste, introduced last year with $13.4 million in measured spending, was reassigned to FCB from Y&R.

From Bates, FCB got Palmolive dishwashing liquid, with $7 million in 1985 measured media. FCB already handles Fab, Ultrabrite, Palmolive soap and Curad bandages.

Measured advertising spending for all of Colgate's brands was down 2% over-all, largely reflecting a 5% decline in network tv and a 27% decline in spot tv spending. Despite the decline in U.S. measured ad spending, Colgate's worldwide marketing and promotional spending increased 3.5% over-all, partially as a result of C-P's reentry into the Middle East after the Arab boycott in 1976. Reported media advertising costs, however, declined 12.5%, to $270 million in 1985 from $304 million in 1984.

Colgate continued its divestiture of businesses unrelated to household, personal care, healthcare and specialty consumer marketing—all attracting minimal ad spending. In February, 1986, the company sold its Riviana Foods subsidiary, a rice processor, and Etonic Inc., the Brockton, Mass., maker of athletic shoes and clothing, for $100 million. Its Knoxville, Tenn.-based Bike Athletic subsidiary is still searching for a buyer. Colgate in 1985 acquired a 50% interest in Institutional Financing Services, a company that assists schools in fund-raising efforts through direct marketing of consumer products.

Modest growth in the household & personal care division, in which worldwide sales increased 2% last year, came largely from increased toothpaste sales. Laundry and dishwashing detergents accounted for 32% of these sales, down 1 percentage point from 1984, and oral products accounted for a steady 17%.

Colgate's continued rise in toothpaste sales was backed by only slight increases in measured ad spending last year, up 4% to $29 million. Two-thirds of that total went into network tv spending for the "WMFP-radioland" new wave spots, via Ted Bates.

Colgate spent heavily in the early 1980s trying to catch rival Procter & Gamble's Crest brands, and early last year came close to bumping Crest out of the top spot in the $1 billion dentifrice category. P&G backed its Crest brands with $50 million last year, just as Colgate was slowing its early-1980s ad spending surge behind Colgate brand toothpaste. Measured ad spending for Colgate declined 22.5% in 1984, from a 1983 high of $34 million.

P&G rebuilt its share lead from a low of 30.5% in 1984 to 37% to 39% by the end of 1985, while Colgate dipped from 28% to 22% in the same period. At the end of 1985, Beecham Products' Aqua-Fresh brands was third in retail market share with 12%; Lever Bros.' Aim toothpaste fell to 7%.

An estimated $40 million ($13.4 million measured) in ad spending backed the national rollout of Dentagard plaque-fighting toothpaste last year. Aimed at adults concerned about healthy gums rather than cavities, Dentagard's $40 million introduction tried to blunt P&G's $37 million introduction of Crest tartar-control formula toothpaste.

Further line extensions include Dentagard tartar-control formula, which went into test this February in Denver, and Dentagard toothbrushes and dental floss, introduced in mid-1985, with print support in dental journals via Wilk & Brichta, Chicago. Dentagard also rolled into Australia last September, the first Colgate toothpaste introduction there since the 1960s, and the Colgate tartar control formula was introduced in the U.K. in late April, with a $4.5 million campaign from Y&R.

Colgate Plus toothbrushes, introduced last summer, became the market sales volume leader in pushing past Johnson & Johnson's Reach and Gillette's Oral-B to take the lead in the toothbrush market. The diamond-shaped toothbrushes rolled out nationally in mid-1985 with $3 million in measured ad support, equally divided between magazines and spot tv.

Colgate is aiming for dominance in the $550 million automatic-dishwasher-detergent category, where liquids are the hot new segment. Analysis expect this new category to begin to cut deeply into the powder market, perhaps as much as 50% within several years. Liquid detergents now hold 30% share of the $3.5 billion heavy-duty detergent market.

Colgate was the first major soap company to introduce an automatic dishwasher liquid last year when it began testing Bright Side, formerly the name of its failed shampoo entry, in the third quarter of 1985. A Bright Side campaign was expected to break in March of this year, but national rollout was delayed because of problems with the detergent separating in the bottle.

In July, Y&R broke a $30 million campaign for the product, renamed Palmolive Automatic to capitalize on the Palmolive liquid dishwashing detergent name. Current spending on Palmolive Automatic is nearly twice the amount spent last year on any single brand in the automatic-dishwasher detergent category.

Colgate is being challenged by Electrasol liquid, placed in national distribution earlier this year, from Economics Laboratories, St. Paul, Minn. Another potential competitor, Lever Bros.' liquid Sunlight brand, is being tested in Minneapolis. Lever holds a 23% share of the powdered dishwasher detergent market with its All and Sunlight brands, compared with an estimated 50% for P&G's Cascade. Electrosol has an estimated 10%.

P&G began testing Cascade liquid automatic dishwasher detergent in June in Orlando, Phoenix and Milwaukee, hoping to capitalize on the popularity of its Cascade powder dishwasher detergent.

Measured media support for Palmolive dishwashing liquid fell 31% in 1985 to $6.8 million, as Colgate readied the introduction of lemon-lime Palmolive Liquid. Last year Palmolive Liquid overtook P&G's Dawn, the previous market leader.

Ajax liquid cleaner was backed by only $348,800 in measured spending last year, a sharp 90% drop from 1984's measured $3.6 million. Ajax multisurface cleanser was reformulated, repackaged and reintroduced nationally in November with an estimated $11 million campaign from Y&R.

Fresh Start concentrated laundry detergent had measured spending in 1985 of $8.8 million, up from $8.3 million in 1984. Fresh Start detergent with "SRP," a new cleaning ingredient, was in test in California as of May, 1986. Comparative tv spots end with the tag, "Be a Tide [P&G] dropout—make a Fresh Start."

New liquid Fab laundry detergent with fabric softener rolled out nationally last November with $11 million in measured media spending from FCB/New York. Measured support for powdered Fab laundry detergent, Colgate's leading brand, decreased dramatically to only $449,300 from $13.4 million in 1984. The decline made way for the new product introduction.

Reformulated Dynamo 2 liquid detergent also rolled out in November with $366,300 in measured media spending via FCB/New York. Dynamo Action Plus liquid laundry detergent, introduced in 1984, continued to receive heavy ad support, with $5.2 million last year, down 47% from 1984.

Irish Spring deodorant soap, reformulated with conditioners, went national in March of this year after being tested for more than a year in Denver and several other markets. Measured media spending for the brand fell 17%, however, from $5.8 million in 1984 to $4.8 million in 1985. Y&R supports with a multi-million-dollar, three-spot tv campaign. Cleopatra soap, a luxury beauty bar, is being tested in Eau Claire, Wis. and Visalia, Cal. via FCB/-New York, and nationally in France, via Publicis, Paris. Test marketing could take up to a year, Colgate officials say.

In the healthcare and industrial division, Boston-based Kendall Co. was restructured last year toward becoming a major hospital supply company, with last November's $117 million acquisition of the McGaw division, maker of intravenous solutions, from American Hospital Supply Corp. and the purchase of the Boundary line of disposable hospital linens from P&G.

Kendall's consumer home healthcare business expanded with Curity skincare lotion, incontinency products and the adaptation of the Curity line of surgical dressing for consumers. Curad bandages last year received measured spending of $2.7 million.

In March, 1986, American Fiber & Finishing, Boston, purchased the industrial fabrics division of Kendall for more than $20 million. Kendall also sold its Curity Baby Products division to Gerber Products, Fremont, Mich., for an estimated $50 million. Curity infant apparel accounted for $85 million in sales last year.

In April, 1986, it sold MedSonics, a medical equipment unit, maker of ultrasonic blood-flow monitors, to Japanese-based Settsu Paperboard Manufacturing Co. for an undisclosed price.

Growth in sales at Colgate's specialty marketing division came largely from a 27% gain in pet food sales in the Hill's Pet Products division, which Colgate is retaining from its former Riviana rice business.

Hill's markets special pet foods and supplement products through veterinarians, breeders and pet stores, and last year it introduced the Science Diet growth line for kittens and relaunched a maintenance diet for adult cats.

Princess House Crystal Collection introduced 16 new products last year, chiefly through its party-plan, direct sales approach.

Sales increased 11% last year, with measured media spending of only $379,800, 90% of that in network tv. This May, Colgate expanded its direct-marketing gift business with the purchase of Hexham, U.K.-based Fiesta, a party-plan company also marketing crystal, china and giftware.

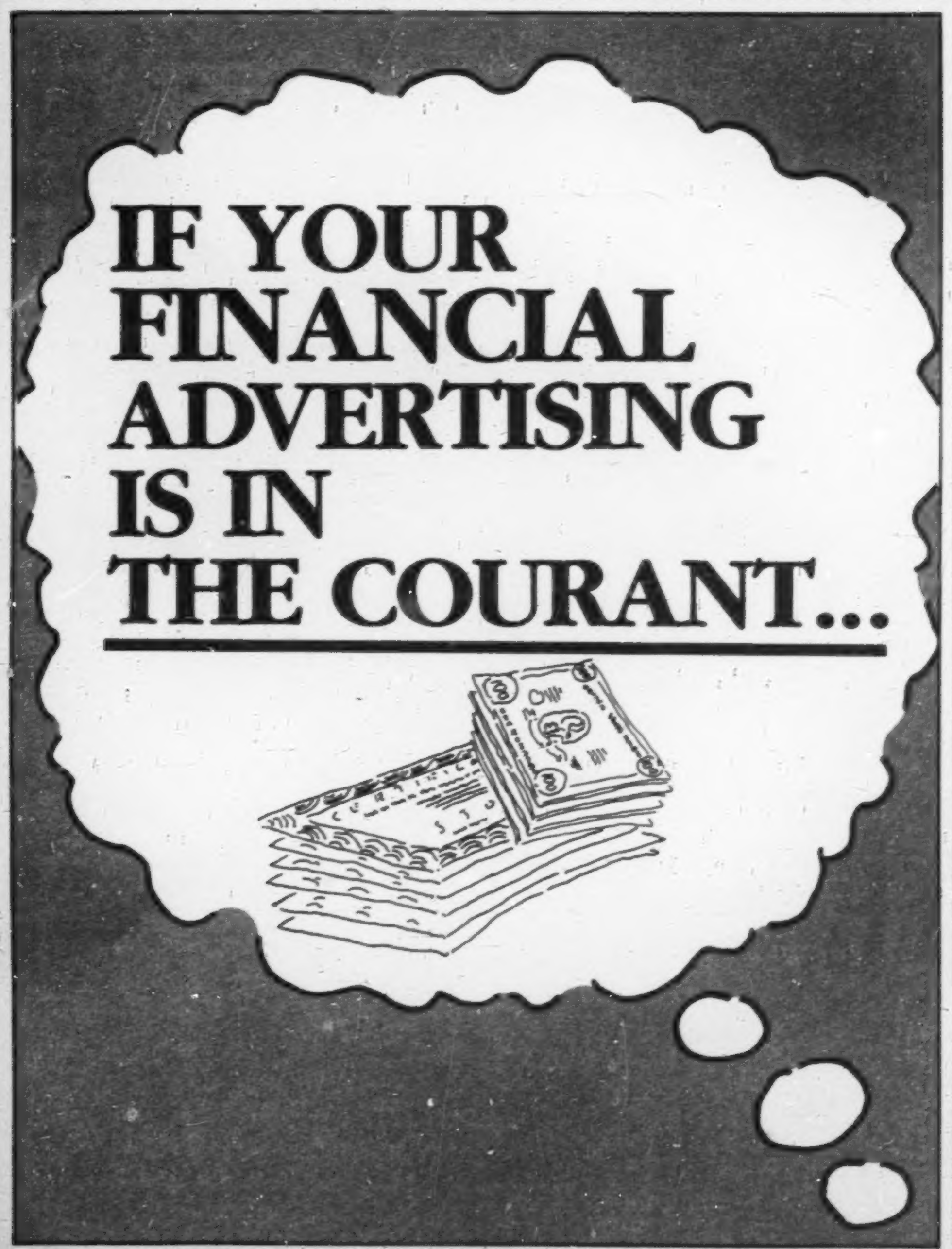
The new CPL Industries unit, part of the specialty marketing division, is a combination of Colgate's existing Sterno Products division with last year's acquisition of the St. Laurent Cos. CPL markets a complete line of cleaning products, canned cooking fuel and equipment, and nonwoven industrial wipes to the hotel, restaurant and institutional markets.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$6,774	4,194
Newspaper	1,304	1,194
Newsp. supp.	1,269	291
Bus. pubs.	221	194
Network tv	64,956	68,570
Spot tv	16,751	21,354
Network radio	446	0
Spot radio	1,387	263
Outdoor	0	10
Network cable	1,814	1,198
Total measured	95,120	97,267
Unmeasured	158,375	161,949
Total	253,495	259,217

COLGATE-PALMOLIVE CO.
300 Park Ave.
New York, N.Y. 10022
(212) 310-2000
Corporate Personnel
Reuben Mark, chmn, president-ceo
William S. Shanahan, sr exec vp-coo/Colgate
J. Dale Sherratt, sr exec vp-coo/Kendall
Roderick L. Turner, sr exec vp-coo/specialty mktg
John M. Watkins, sr exec vp-chief strategic & business devel officer
Clay S. Timon, vp, worldwide adv
COLGATE U.S.
Corporate Personnel
A. Courtenay Shepard, vp-genl mgr
Marketing Personnel
Ariel A. Allen, vp-creative services
Robert E. Blanchard, vp-mktg
John P. Benfield, category mgr, HDD
Paul Brindak, group prod mgr
Joseph A. Uzzolina, category mgr, LDL/hard surface cleaners
James Leach, group prod mgr, HDD
Elaine D. Dohn, group prod mgr, toiletries
U.S. ORAL CARE GROUP
New York
Corporate Personnel
D. Meyer, genl mgr
Jack Haber, mktg mgr
Doug Presley, financial mgr
M. Libertore, sales mgr
Advertising Agencies

Foote, Cone & Belding, New York—Palmolive dishwashing liquid, Palmolive automatic dishwashing detergent, Dynamo detergent, Fab detergent, Ajax all-purpose cleaner, Palmolive soap, Dentagard, Curad bandages, Ultra Brite toothpaste, Fluorigard dental rinse, Axion Paste—Charles Taney, exec vp-worldwide acct dir; Lou Rubin,



Charles Ballard, vp-acct dirs; John Seidl, intl acct exec; Richard Hall, Cynthia Beeger, Patricia Albanese, acct execs.

Young & Rubicam, New York—Colgate Dental Cream, Fresh Start detergent, Irish Spring soap, Colgate toothbrushes, Shave Preps—Tim Pollak, exec vp-world acct dir; Bob Fane, Phil Asche, sr vps-mgmt supers; John Leonard, Mary Ellen Kenny, Harry Mosher, Susan Vary, acct supers; Cindy Bedrosian, Chad Chambers, Leslie McKay, acct execs.

KENDALL CO.
Boston
Corporate Personnel

J. D. Sherratt, president-ceo
Michael S. Roskothen-exec vp
T.E. Tierney, exec vp, hospital div
M.B. Coghill, vp-genl mgr, hospital div
F.J. Zeitvogel, exec vp, industrial div
D. Arena, vp, industrial div
R.C. Gockelman, dir-Special Ventures Group, industrial div
C.P. Bruen, vp, intl div

Marketing Personnel

K. Wester, sr adv mgr, hospital div
J. Dawson, adv mgr, hospital div
D. Battelle, sr adv mgr, industrial div
P. Corkum, adv mgr, industrial div

Advertising Agency

Casey Media—Robert W. Casey, president.

CPL INDUSTRIES
Tenafly, N.J.
Corporate Personnel

Kenneth E. Snyder, president
Bernard J. Rafferty, genl mgr

Marketing Personnel

Al P. Chadourne, dir-mktg

Advertising Agency

Stern Walters/Earle Ludgin, Chicago—M.B. Friend, acct exec.

PRINCESS HOUSE
North Dighton, Mass.
Corporate Personnel

Robert J. Haig, president
Steven Zrike, vp-mftg & new business devel

Marketing Personnel

John Galazin, vp-sales & field operations
Betty Bowes, dir-field operations

Advertising Agency

Leonard Monahan & Saabye, Providence, R.I.—Cathy Ottaviano, acct super.

HILL'S PET PRODUCTS
Topeka, Kan.
Corporate Personnel

Robert C. Wheeler, president
Gary Harrison, vp-intl
Tim Phillips, technical rsch mgr—prescription diets

Marketing Personnel

David Geier, vp-mktg
J. Richard Woodall, vp-sales
Jim Glassford, prod mgr, science diets

Advertising Agency

Harmon Smith Advertising, Kansas City, Mo.—Marc Ford, acct exec.

INSTITUTIONAL FINANCING SERVICES
Benicia, Cal.
Corporate Personnel

Michael J. Rippey, president

Marketing Personnel

Dennis F. Snyder, vp-sales
David V. Rudd, exec dir-mktg

RANK **83**

Adolph Coors Co.

Golden, Colo.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	1,281	1,263	1.4
Net income	53	45	18.7
U.S. advertising	104	88	19.7
Division sales	**1985**	**1984**	**% chg**
Beer	1,078	938	14.9
Other	203	195	4.1

Adolph Coors Co. continued expansion into new territory in 1985 and the first part of 1986—eight states and Canada—enabled the brewer to increase sales during a sluggish time for the beer industry.

During the first half of 1985, Coors entered Connecticut, Illinois, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont, and it added Michigan in the first quarter of 1986. Only five states—New York, New Jersey, Pennsylvania, Indiana and Delaware—remain to be penetrated. In October, Coors began distributing Coors and Coors Light in Canada through a licensing agreement with Molson Breweries Ltd.

Such geographic expansion enabled Coors to boost its barrelage by 11.8%, while total domestic-beer shipments in 1985 increased less than 1%, and barrelage was down for four of the top-six breweries. The only other major beer marketer to increase shipments was market leader Anheuser-Busch.

An estimated 1 million barrels of Coors' 1.55 million-barrel increase went into New England and Illinois, new territory during 1985, according to John Collopy, beer business analyst and first vp of Robert W. Baird & Co., a Milwaukee brokerage company. "I don't think their sales will go up by 12% in 1986 like they did in 1985. Without geographic expansion, they'd have to gain it in market share."

"Considering that they were only in 17 states a decade ago, of course they've gained as they've expanded. But there's nowhere else to go," says Donald Rice, vp and senior investment analyst at Blunt, Ellis & Loewi, a Milwaukee brokerage company. "Now we'll all wait and see."

Coors found its most fertile new territory in New England. It has captured 20% of the market in Massachusetts and New Hampshire, according to *Beer Marketer's Insights*. By March, 1986, the average market share in Coors' six New England states had settled at 12.3%, according to Coors' figures; considerably higher than the brewery's national average market share of 7.9%.

Coors takes as a positive sign, however, that sales also appear to have improved in established markets. In Texas and California, for example, slippage had been partly attributed to a six-year boycott by the Hispanic community. Coors ended that boycott when it signed a Hispanic trade covenant on Oct. 29, 1984, and 1985 was the first year the results of that pact were apparent in the marketplace. Frank Solis, manager of the national Hispanic program for Coors, says that in 1984 Hispanics counted for only 4% of Coors' business. Under the trade covenant, Mr. Solis says that in 1985 business with the Hispanic community jumped to 9% of Coors' total sales.

"Sales were up in California last year for the first time in a number of years," says Rob Klugman, vp-marketing for Coors. "We consider that significant in turning around a trend in our base market of the western states. The trend during 1985 was still down in Texas, although during the first quarter of 1986 it was up for the year to date. Clearly, we're getting Hispanic business in California. That's not as clear in Texas."

Earlier in 1984, Coors also signed a trade covenant with the black community in an effort to head off a black boycott threat. During 1985 Coors ran a series of radio minidocumentaries on black history in the Southeast. DaynMark, Atlanta, created the spots as a one-time project. In December, 1985, Coors assigned its black consumer advertising account, estimated at $6 million to $8 million annually, to UniWorld Group, New York.

Earlier boycotts were recalled when Coors moved into Michigan, its only new territory so far in 1986. The national AFL-CIO never dropped a boycott it began in 1977, and when Coors entered the state, the labor group opened a state boycott.

"We're well ahead of our plan in Michigan," Mr. Klugman says, "but the opposition hasn't helped us." He says the boycott has disrupted Coors' distribution in the highly unionized state.

Mr. Rice doubts Coors ever will perform well in the upper Midwest. His figures show Coors with only a 1.4% market share in Wisconsin in March, 1986. He attributes the low share not only to what he called Coors' "anti-labor image" but also to the heavy concentration of breweries based in the area, which fosters brand loyalty and makes it harder for an outsider.

At the brewery, optimism is running high that sales will continue to climb.

Mr. Klugman says the brewery expects another record year in 1986, noting that sales during the first quarter of 1986 are up by 11.3% for the year t date. That optimism was reflected i the groundbreaking Nov. 16, 1985, f a second brewery near Elkton, Va. Th plant initially will serve as a packagi facility when its first phase of co struction is completed in spring 198 Eventual capacity of the $500 millio plant is 10 million bbls. a year.

Heady optimism is not the ru everywhere. Mr. Collopy, for exampl points out that Coors' 1985 gains fo lowed down years in 1981 and 198 He notes that for the past five year Coors' compound average gain about 1%—only slightly better tha growth for the entire industry duri that time.

However, Joseph Frazzano, brewi industry analyst for Oppenheime New York, sees the company at the b ginning of a genuine upswing, noti particularly the success of recent ma keting efforts and continued streng of Coors Light.

"Coors Light is going well, an Coors is continuing a policy of spen ing more per barrel on promotion tha any other brewer—about $10 a barre compared with Anheuser-Busc which spends about $5 or $6," M Frazzano says. "It's a policy that wor for them, and when something wor in this industry, it usually works f five or 10 years."

The "Silver Bullet" continues t move up the market-share chart going from the No. 10 position amo all national brews in 1984 to No. (with a 3.2% share) in 1985. Mr. Klu man predicts Coors Light "could wi up in fifth or sixth position" in 1986.

In September, 1985, Coors broke th "Silver Bullet Bar" campaign for Coo Light, created by Foote, Cone & Bel ing, Chicago. The commercials ar Coors' second "serial" type spot Sensing a winner, Coors boosted me sured advertising for Coors Light b more 70% during 1985, to $19.1 mi lion.

In July, 1986, Coors began running test "Silver Bullet Bar" commercial o the networks in which the bartend takes the car keys from an inebriate consumer. It is the first "don't dri and drive" spot aired by a brewer.

Coors, the flagship brand at Ado Coors, dropped slightly in mark share during 1985, going from 5% i 1984 to 4.7% in 1985. The brand r mained in fourth place nationally, b hind Budweiser, Lite beer from Mill and Miller High Life. Coors broke i highly touted "Coors is the One" cam paign, a low-key pitch by actor Mar Harmon in February, 1985. The t campaign, which, like the "Silver Bu let Bar," uses a "to be continued theme, was supported by Coors' fir national print buy. Measured spendi for Coors also was heavily booste rising by 59.6%, to $33.2 million i 1985.

Measured spending on combine advertising for Coors and Coors Lig dropped by 9%, to $3.5 million i 1985.

Market expansion efforts also i clude new brands. The company toy briefly with Colorado Chiller, a mal based beverage that entered test ma ket July 1, 1985, in San Diego; O lando, Fla.; Charlotte, N.C.; Dayto O.; Lubbock, Tex., and Spokan Wash. The product was withdraw from the market Oct. 22, although th brewery says it remains "committed having a competitive product in th segment."

In August, 1985, Coors formed joint venture with Molson Breweri of Canada and Kaltenberg Cast Brewery of West Germany to for Masters Brewing Co. to launch Ma ters III beer. After a four-city test, th joint venture closed down July 3 1986.

Although Masters III is the produ of a company independent of Coors, a superpremium it is positione directly against Coors' Herman J seph's, which remained in limited di tribution during 1985. Perhaps b coincidence, in 1985 Coors did vi tually nothing to promote Herman J seph's. Measured advertising dropp

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spent promoting the brand in 1984. The brewer eliminated the Herman Joseph's brand manager position, consolidating it with the George Killian's Irish Red Ale brand manager's job.

Coors demonstrated continued support for two other brand extensions, George Killian's Irish Red Ale and Coors Extra Gold. During 1985 and early 1986, Coors extended the markets for Killian's into New England, Florida and Virginia. Measured spending for the "Killian's Red, Instead" campaign, which was created by FCB, rose only slightly, to $396,600 in 1985.

Coors first unveiled Coors Extra Gold in April, 1985, as a heavier brew positioned against Budweiser. Test markets at that time were in selected cities in California, Colorado, Idaho, Nevada and New Mexico. During 1986, Coors expanded the Extra Gold test into Idaho Falls, Pocatello and Soda Springs, Ida. Measured spending on Extra Gold during 1985 came to $632,500.

During 1985, the advertising account for Cocomo, a nonchocolate candy bar that was being test-marketed in Kansas, disappeared off the Evans/Bartholomew roster. Cocomo is a product of Coors Food Products, one of the brewery's 22 subsidiary companies. Ketchum Advertising, San Francisco, handled a confidential project for Coors Food Products during 1985. Any current Food Products advertising is being handled in-house.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$2,809	$380
Newspaper	2,055	766
Bus. pubs.	54	4
Network tv	18,076	11,218
Spot tv	34,776	25,957
Spot radio	9,537	18,927
Outdoor	1,565	522
Network cable	1,430	751
Total measured	69,981	58,464
Unmeasured	35,000	29,240
Total	104,981	87,705

ADOLPH COORS CO.
Golden, Colo. 80401
(303) 279-6565
Marketing Personnel

Bob Rechholtz, exec vp-sales & mktg
Robert Klugman, vp-mktg
Gary Truitt, vp-mktg devel
Gary T. Naifeh, Coors brand dir
Robert Fox, Coors Light brand dir
Jane Smith, Coors Light brand mgr
Gary Skovsted, Coors Extra Gold brand mgr
Jon Runge, George Killian's and Herman Joseph's brand mgr
Robert McBride, Coors brand mgr
Mike Marmonine, dir-sales & mktg operations
Terry Nausier, dir-mkt expansion & ind mktg
Mark Ross, dir-corp media
Cully Marshall, mgr-field mktg

Advertising Agencies

Evans/Bartholomew Pollock Norman, Denver—corp and community relations, food prods—Charles Bartholomew, president-acct super; Susie Davis, acct coord.

Foote, Cone & Belding, Chicago—Coors, Coors Light, George Killian's, Herman Joseph's and expansion—Bill Melter, sr vp-group acct dir; Dale Smith, vp-acct dir, Coors; Jim Griggs, vp-acct dir, Coors Light; Randy Wiederhold, vp-acct dir, expansion; Kent Visotic, vp-assoc media dir; Mike Rogers, sr vp-exec creative dir; Dave Moeller, sr vp-creative dir, Coors; Nina Friedberg, sr vp-creative dir, Coors Light.

GSD&M, Austin, Tex.—Hispanic mktg—Roy Spence, president; Kim Gaynor, exec vp; Chuck Grady, sr vp-acct exec, Coors; Raoul Rodriguez, dir-Hispanic services; Gary Brahl, creative dir; Hank Olguin, public affairs dir.

Ketchum Advertising, San Francisco—Coors food prods—assignment ended in 1985.

Tatham-Laird & Kudner, Chicago—Coors Extra Gold—Bob Harpster, sr partner-group acct dir; Bob Janssen, mgmt super; Steve Hanika, acct super.

UniWorld Group, New York—Black mktg—Fred Jackson, acct super; Bill Allen, sr vp-creative services; Valerie Graves, Phil Coma, Aaron Dell, vp-assoc creative dirs.

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EXECUTIVE SEARCH

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Rank
68

Cosmair Inc.

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	720	685	5.3
Net income	N/A	N/A	N/A
U.S. advertising	122	120	1.4

Cosmair Inc. kept up a robust spending pattern in advertising in 1985 to keep its brands competitive in three major areas: Hair color, department store cosmetics and mass market beauty products.

Privately held Cosmair is the U.S. licensee for L'Oreal and Lancome. Swiss conglomerate Nestle SA owns 63% of Cosmair, with the remainder divided among L'Oreal interests. Although earnings are closely guarded, analysts believe profits are hindered by heavy spending needed to keep brands flourishing in the brutally competitive beauty industry.

Based on North American sales figures, Cosmair is the third largest beauty company in the $10 billion cosmetics arena. It trails Avon, which has $1.61 billion in sales, and Revlon (owned by Pantry Pride) with $727 million, reports Nancy Hall, equity research analyst at Prudential-Bache. Estee Lauder is a close fourth with estimated sales of $500 million in North America.

Cosmair outspends many of its foes. Avon, for example, spent about $25 million in measured media while Estee Lauder's measured spending came in at $46.8 million, according to Leading National Advertisers. In the beauty business, where promotional activities such as gift-with-purchase and demonstrations are crucial, spending is heavy in unmeasured media.

Print advertising gained favor last year with Cosmair's newspaper and magazine spending rising 12.5% to $27 million. There was also an increased interest toward network cable instead of network and spot tv. This was fueled by the launch of Studio Line, a styling mousse, gel and directional spray targeted at the music video generation and advertised on MTV: Music Television. Cosmair spent $682,000 on network cable compared with only $56,000 in 1984, according to LNA.

Cosmair consists of seven major divisions: L'Oreal retail hair care; L'Oreal retail cosmetics; retail fragrances; Lancome; Biotherm; designer fragrances, and L'Oreal salon division.

The single greatest spending on one line in 1985 was the $12 million in measured spending behind the relaunch of L'Oreal Preference hair color. The company sought to put a charge in the stagnant $400 million hair color business by repackaging Preference. For the retailers, L'Oreal devised a fixture that allowed a lock of hair to be clipped to the shelf so customers could see the color. The trade estimated sales rose as much as 30%.

But Bristol Myers' Clairol, which controls 60% of the business, was prepared to do battle. Clairol rolled national with Ultress, a gel-based permanent hair color promoted by actress Linda Evans. In the midst of this, L'Oreal also introduced Avantage, a semipermanent hair coloring targeted at the same customers using Clairol's Loving Care. L'Oreal spent $5.5 million in measured media dollars behind Avantage; but the total costs of spreading the word inched closer to $6 million. The launch included 3 million $2 cash refunds and more than 70 million free offers.

Retailers say Avantage has not put a dent in Clairol's Loving Care's 12% share of market. In total, L'Oreal's three hair colors—Preference, Avantage and Excellence—control about 27% of hair color dollar sales. The picture does not look brighter for 1986 because hair color unit growth is hovering at only 2%, according to industry consultant Allan G. Mottus.

Many marketers are using temporary colored mousses as a ploy to introduce younger users to color. Although L'Oreal pioneered the mousse explosion in the U.S., it has held back on a color mousse. In 1986, it will introduce a slightly different product line, Zazu hair cosmetics. McCann-Erickson will handle the estimated $10 million launch.

L'Oreal remains the leader in the $175 million mousse market, although its onetime 30% share has dipped to 18.5%, according to Ms. Hall of Prudential-Bache. The company sought to counter the plethora of new mousse products eroding its share by debuting the Studio Line mousse and gel with a $9 million ad budget. Market leaders currently are L'Oreal's Free Hold with 18.5% and Alberto Culver with 15.5%, and Helene Curtis' Suave with 12%. Between Free Hold and Studio Line, L'Oreal hopes to gain 40% of the business.

Last year was also the year L'Oreal made its brassiest move yet in the $1.4 billion mass market decorative cosmetics business. After successfully repackaging its eye shadows, lipsticks and nail enamels, L'Oreal charged ahead with Visuelle makeup. Backed with more than $10 million in advertising support, Visuelle had a slow start, but is now a significant brand with about a 3% share of market.

In all mass market color cosmetics, L'Oreal continues to battle leader Revlon. L'Oreal now has 11% of the market. Revlon used to outsell L'Oreal 5 to 1, now the ratio is 3 to 1.

L'Oreal spent nearly $19 million in measured media backing all its cosmetics, and $5.3 million was spent on nail enamel alone. This year, L'Oreal is sinking money into its new L'Oreal single eye shadows. L'Oreal singles' launch should enable Cosmair eye shadow to become more competitive with Revlon's 25% share and Maybelline's 18% share. L'Oreal currently has a 10% share.

Cosmair has adopted a sampling technique using the concept of microencapsulation, which was the catalyst behind the success of scents such as Giorgio. The process allows the color to be transferred to paper, such as an ad insert. The consumer can scratch the paper and get a sample of the color.

L'Oreal also recently announced plans to use Andie MacDowell as a spokeswoman for L'Oreal cosmetics.

As L'Oreal continues to make a bigger splash in mass markets, sister company Lancome enjoys its strong franchise with department store shoppers. Lancome, with estimated sales of $200
million, has an 8.7% share of the
ket, behind Estee Lauder's 21.3%
Clinique's 15.2%. Lancome ga
more than a share point in 1
thanks in great part, according to
Mottus, to the guidance of Joe A
exec vp, president of Cosmair. Sp
ing behind Lancome is conside
rather modest for its industry—$
million. This suggests Lancome
become so popular that it sells
self.

Grabbing the promotional atten
at Cosmair is Biotherm, a 25-unit
purchased by Cosmair in 1969.
than $13 million was pumped be
Biotherm, according to LNA.

In department stores, all Cos
items generate about 15% of total
metics dollar business. However,
mair announced in 1985 that it
drop its Ralph Lauren cosmetics
in order to concentrate on other
nesses. Cosmair acquired Laure
part of its $146 million purchas
1984 of Warner Cosmetics, which
produces Vanderbilt perfume.

Vanderbilt continues to be the
of Cosmair's fragrance stable. The
million brand was the fastest se
fragrance in drugstores for the t
year in a row. Vanderbilt cont
roughly 4% of the drug store ma
fragrance business. The total Van
bilt line was supported with abou
million in measured spending.

Recently, Cosmair sought to pro
its turf with Vanderbilt via a
charging trademark infringement
unfair competition against S.C. Jo
son & Son. S.C. Johnson was pre
ing a $12 million rollout of L'Envi
line of shampoos and condition
with scents emulating prestige
grances, including Vanderbilt. C
mair claimed the shampoo and co
tioner would deliberately trade on
$45 million the company has spen
Vanderbilt since its inception in 1
The resolution was that S.C. Joh
had to add new labeling and an ad
tising disclaimer to the L'Envie
Even so, trade sources believe Van
bilt's life span has already been cu
other knockoffs, particularly the b
selling Giorgio smell-alike, Primo!

Polo and Chaps—two Cosmair
grances—continue to control a h
share of the men's market. Spen
was about even for each brand in 1
vs. 1984—$3.5 million and $2.3
lion, respectively.

Sources say Cosmair will debut
fragrances in 1987, including No
ous, which will be backed with a
$20 million ad budget. Cosm
dropped plans for a Norma Ka
line.

Although Cosmair has establis
itself as a major contender in all o
retailing sectors, it has undergone
eral shakeups. A departure in 1985
George Friedman, a founder
Warner Cosmetics, who served
president of Warner and exec vp
Cosmair. A former Lauder emplo
Mr. Friedman was a force behind
proving Cosmair's somewhat w
fragrance business. Just recently,
successor, Bob Rattenberg, also
signed and was replaced by J
Wendt. Mr. Wendt was formerly
nior vp and general manager
L'Oreal cosmetics. Replacing
Wendt is Beatrice Dautresme, for
vp of marketing for L'Oreal makeu

ADVERTISING EXPENDITURES

($ in thousands)	1985	
Magazine	$23,633	$22
Newspaper	903	
Newsp. suppl.	1,309	
Bus. pubs.	13	
Network tv	42,131	4
Spot tv	10,275	1
Spot radio	0	
Outdoor	7	
Network cable	682	
Total measured	80,753	9
Unmeasured	41,396	4
Total	122,149	13

COSMAIR INC.
575 Fifth Ave.
New York, N.Y. 10017
(212) 818-1500
Corporate Management

Jacques Correze, chmn
Jean Levy, president-ceo
Michel [illegible], exec vp & cfo
Jochen Nitze, exec vp
Joseph [illegible], exec vp

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(415) 351-7211

RETAIL DIVISIONS
Roy Benjamin, president

L'OREAL HAIR CARE DIVISION
Marketing Personnel
Arnold Zimmerman, sr vp-genl mgr
Jack Faletti, vp-sales
Joe Campinell, vp-mktg & adv

L'OREAL COSMETIC DIVISION
Marketing Personnel
Beatrice Dautresme, vp-genl mgr
Joe Lamia, vp-sales
Amy Frenkel, asst vp-mktg

RETAIL FRAGRANCE DIVISION
Marketing Personnel
Dave Schulte, vp-genl mgr
Tom Kennedy, vp-sales
Michael Eiger, vp-mktg & adv

LANCOME DIVISION
Marketing Personnel
Simon Critchell, sr vp-genl mgr
Richard Rodnick, vp-sales
Tony Michaels, vp-mktg & adv

BIOTHERM DIVISION
Marketing Personnel
Tom Day, vp-sales
Pam Fields, vp-mktg & adv

DESIGNER FRAGRANCE DIVISION
Marketing Personnel
John Wendt, president
Stan Garland, vp-sales, men's designer fragrances
Jane Tucker, vp-mktg & adv, men's fragrances
Joe Schriver, vp-sales, women's designer fragrances
Barbara Clyde, vp-mktg & adv, women's fragrances

L'OREAL PROFESSIONAL DIVISION
Marketing Personnel
Ron Pears, sr vp-genl mgr
Raymond Mager, deputy genl mgr
Claire Bruno, vp-mktg & adv

Corporate Media Buying

Geers Gross, New York—Russell Gilsdorf, media dir-exec vp; Peggy Ianacone, vp-assoc media dir; Brian Shelley, asst media dirs; Julie Prudmon, Armata Planner; Stephen Sonnenfeld, Biotherm Planner; Jeanne Cleaver, asst; Cecilia Pokruda, Avantage planner; Mark Edelman, planner.

Advertising Agencies

Intermarco, New York—Lancome—Frederick Rhines, president; Nick LaMicela, creative dir; Alice Brand, acct exec.

McCann-Erickson, New York—Dave Weiss, sr vp-group dir; Jean-Marc Severs, vp-mgmt rep; Betty Fifield, acct dir; Johnne Davidson, acct super; Lisa Roberts, sr acct exec. Preference—Toni Sennott, sr vp; Catherine Barquelin, acct exec; Nancy Ernstoff, asst acct exec.

RANK
99

Cotter & Co.

Chicago

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,700	1,653	3.0
Net income	67	59	13.5
U.S. advertising	72	67	8.2

Cotter & Co., an 8,000 member-owned cooperative and the largest hardware wholesaler (True Value Hardware) in the U.S., maintained its slow growth pattern in 1985 as many areas of the hardware and do-it-yourself businesses came under financial pressure.

Moving into 1986, Cotter reported first-quarter sales, ended March 31, were up 0.7% to $407.6 million over the corresponding period in 1985. Earnings were down 11%, to $9.95 million, although the drop was "not unusual for the first quarter," according to Edward Lanctot, Cotter's secretary, treasurer, advertising and merchandising manager.

With annual U.S. hardware store sales pegged at $10.2 billion and growing—in August, 1986, sales were $853 million, up 4% from the prior year—Cotter's $1.7 billion sales total in 1985 gave it a 16.6% share of market in dollars. The biggest Cotter rival is Ace Hardware Corp., Oakbrook, Ill., with a 10.2% market share. Ace, with 6,000 dealers, had sales that topped $1 billion in calendar 1985, for the first time in its 61-year history. No. 3 is Fort Wayne, Ind.-based Hardware Wholesaler Inc., or HWI, with a 6% share. Founded in 1945, HWI has more than 2,600 members, operates in 35 states and had estimated sales of about $600 million in 1985.

Terrence Gallagher, editor of *Hardware Age*, says Cotter's competitors are closing the gap. As Ace hardware reached the $1 billion sales mark last December, Ace president Lawrence R. Gavin predicted the company would "hit our second billion just eight years from now."

In the five-year period including 1985, Cotter's total sales have climbed steadily, while net earnings have been more uneven, reaching $65 million in 1981 but then falling in an up-down cycle until 1985, when earnings climbed to $66.6 million.

As shown by Cotter and its two major competitors, hardware selling, both wholesale and retail, contradicts a half century of marketing trends toward failure of the independent store confronted by the big chains. Even with the heavy hard-line marketing efforts by Sears, Roebuck & Co.; Montgomery Ward & Co.; J C Penney Co., K mart Corp. and others, local hardware stores continue to survive, apparently because of their heavy emphasis on individual service.

The business has not been without its volatility. The biggest U.S. independent hardware distributor, Belknap Inc., a Humana Corp. subsidiary based in Louisville, declared bankruptcy in January and shut down. Service Merchandise's Mr. HOW chain has put a hold on the planned opening of new stores after poor economic conditions forced it to sell five existing ones. W.R. Grace Co. is selling its retail business, including 317 home centers and hardware stores such as Handy City, Orchard Supply Hardware and House Works.

There is considerable industry consolidation. Handy Andy and K mart's Builders Square are expanding through acquisition, and in recent months, a number of top producers among hard lines have fended off takeovers from companies like Black & Decker Corp., Toro Co. and Champion Spark Plug Co.

The Cotter & Co. co-op consists of more than 8,000 True Value hardware stores, including 840 combination True Value Hardwares and Cotter's sister store line, V&S (for "value and service") Variety Stores, and an additional 920 V&S stores. V&S outlets supply lower-priced personal and home goods.

The company's biggest concentrations are in Illinois and California, each with 7% of the total stores; Texas, with 6%; Pennsylvania and New York, each 5%, and Wisconsin, Michigan and Ohio, with about 4% each.

Of Cotter's full merchandise line in 1985, hardware made up 39.5% of the total supplied to members; home and maintenance supplies were 31.8%; variety goods, 19.5%, and appliances, 9.2%. In addition to buying from many owners, who do not give Cotter exclusivity, a system also adhered to by member-owners of Ace and HWI. On average, 50% of member-owners' purchases are from co-op headquarters.

In advertising, the national media support—all for True Value hardware—is funded by manufacturers' payments to Cotter, proportional to the wholesaler's purchases. Tv ad presenters include sports announcer Pat Summerall and commentator Paul Harvey. Harry Caray, announcer for the Chicago Cubs games on independent station WGN-TV, also speaks for Cotter, and Chicago Bear Mike Singletary will be joining the group. Network tv commercials for True Value are scheduled for National Football League games, pro bowling and NBC's "Today."

Cotter spends most of its measured advertising on True Value Stores—$43.8 million in 1985, up 7% from 1984, according to Leading National Advertisers. Network tv, spot tv and network radio are the big media ticket items, and cable entered for the first time in 1985 with $1.5 million in measured spending.

Cotter provides local dealer-members ad support based on orders with Cotter. Cotter also pays back to members yearend patronage dividends, 20% to 30% in cash and the rest in interest paid on subordinated notes. In 1985, such dividends totaled $90.5 million, including about $67.5 million for merchandise shipments, direct mail advertising and insurance and $23 million for interest and other payments.

Cotter also is moving to advance its variety line, V&S Variety Stores, by involving V&S in national advertising once V&S member-owners' volume buys from Cotter warehouses justify the expense. The company describes 1985 for V&S as "respectable but unexciting." V&S carries a lower-priced line and is big on toys, school supplies, notions and hardware and tools. "V&S gives us a chance to serve some rural areas where we'll have a combination hardware and variety store," Mr. Lanctot says.

Cotter produced about 200 million direct mail catalogs a year, ranging in size from 12 to 64 pages and produced 12 times a year for True Value Hardware and about four times for V&S Variety. Dealers are free to pick the size (number of pages) of each flier, then imprint their name on a blank cover panel and mail or hand-deliver them within a five- to 10-mile radius of their store. Home Products Marketing, Cotter's in-house shop, handles design, copy, photography and artwork.

Cotter operates out of 15 regional office and warehouse-distribution centers. Another warehouse is in planning stages for the Ocala, Fla., area.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazines	$6,752	$5,479
Bus. pubs.	39	64
Network tv	14,656	11,843
Spot tv	13,120	14,640
Network radio	9,049	10,201
Spot radio	1,491	986
Outdoor	46	35
Network cable	1,452	686
Total measured	46,670	43,934
Unmeasured	25,000	23,534
Total	71,670	67,468

COTTER & CO.
2740 N. Clybourn Ave.
Chicago, Ill. 60614
(312) 975-2700

Corporate Personnel
John M. Cotter, chmn
Daniel A. Cotter, president-ceo

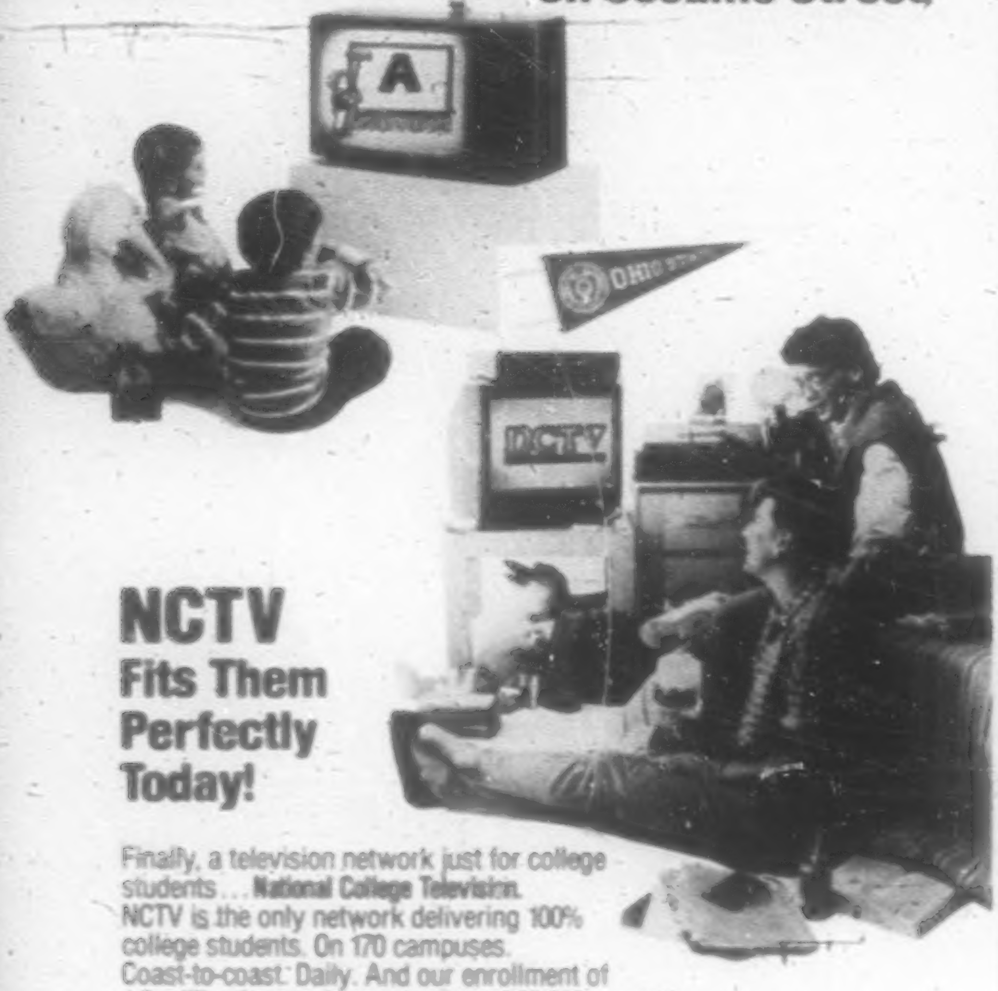
Marketing Personnel
Edward E. Lanctot, secretary, treasurer adv & merch mgr
Gary Coppinger, retail adv mgr

Advertising Agency

Christenson, Barclay & Shaw, Chicago—print, Yellow Page adv—Jerry Christenson, president; Mary Kane, Pam Hall, acct services.

True Value's origins

True Value hardware began as V&S in 1948 under co-founders John Cotter and Edward Lanctot, who gained the True Value label when they bought the



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RANK **70**

CPC International

Englewood Cliffs, N.J.

($ in millions)

Worldwide	1985	1984	% chg
Sales	4,209	4,373	(4.0)
Net income	142	193	(26.4)
U.S.	**1985**	**1984**	**% chg**
Sales	1,765	1,815	(2.8)
Operating profits	171	180	(4.8)
Advertising	130	136	(4.5)
Division sales	**1985**	**1984**	**% chg**
Grocery products	2,523	2,555	(1.3)
Corn wet milling	1,521	1,660	(8.4)
Other	166	158	5.1

CPC International, hurt in recent years by the appreciation of the dollar in foreign markets that generate 58% of total sales, is beginning to place more emphasis on product development stateside as a hedge against its heavy reliance on international markets.

And while 1986 results to date do not reflect this increased activity, returns for the first two quarters show marked increases in sales and earnings traced largely to a downward swing in the dollar.

Worldwide grocery products sales at CPC suffered a 1.3% decline in sales although operating income increased 5.2% to $322 million. CPC's total operating income was $358.5 million, down 6.6%, with the grocery products accounting for 60% of total sales and 90% of operating income. The food division accounted for virtually all CPC's ad expenditures.

The Best Foods division is responsible for grocery product sales in North America, and markets Hellmann's and Best Foods mayonnaise, Knorr soup mix, Mazola oils and margarine, Mueller pasta, Skippy peanut butter, Thomas' English muffins and Karo Syrup, among its leading products.

CPC also operates a corn wet-milling operation, which manufactures corn sweeteners, starches and other corn derivatives. The segment recorded an 8% drop in sales and a decline of 49.7% in operating income to $41.2 million.

A small diversified segment, which produced chemicals, resins and foundry materials, showed an operating income decline of 2.7% to $7.1 million, on sales that grew 5.3% to $166.1 million.

Worldwide, CPC spent $200 million in advertising and promotion in 1985, up 5.3% from 1984. CPC derived 58% of its sales and 52% of its operating income from abroad. The relative strength of the dollar against major currencies has hurt sales and earnings. Major foreign markets are Germany, the U.K., France, Brazil, Italy and Canada.

For the second quarter of 1986, the company reported net income of $48.8 million, up 15%, on sales of $1.13 billion, up 6%. Similar improvements were reported in the first quarter.

James Eiszner, CPC president-ceo, noted at the stockholders meeting this spring that the quarterly increase after three years of indifferent performances, were mainly because of the stronger foreign currencies. CPC's grocery products business, for example, posted a 6% increase in North America in 1985, 39% increase in Latin America and 4% in Europe. But operations in Asia and Africa declined 32%, primarily because of weak currency values.

CPC has begun to stress building market share in the U.S., given its sensitivities to the decline and fall of the dollar. In 1986, two new products were introduced in test markets, a light mayonnaise under the Hellmann's and Best Food labels (Best Foods is marketed in western states) and Pasta Cuisine packaged dinners, under CPC's Mueller's Pasta Products label. Initial sales of the two products are positive, says Robert T. Viscardi, CPC advertising director.

CPC's genealogy

Through its product line, CPC International traces its roots to 1838 when C.H. Knorr (soups) was founded in Heilbronn, Germany. In 1842, Thomas Kingsford found the first practical means for separating starch from corn and set up Brown & Polson in Britain. Corn Products Refining Co. (now CPC), formed stateside in 1906 through the merger of leading corn processors, brought out Mazola corn oil in 1911, Hellmann's mayonnaise in 1912. In 1955, Rosefield Packing Co., maker of Skippy peanut butter, was acquired by CPC' Best Foods.

Marketing of CPC's popular Thomas' English muffins, was expanded to 73% of the nation in 1985. CPC also introduced a tamper-evident shrink-wrap band for Skippy peanut butter and Hellmann's and Best Foods mayonnaise, in response to expressions of increasing consumer interests.

For individual food products, Hellmann's and Best Foods mayonnaise sales increased 8% in the U.S. during 1985, with combined market share increasing from 43% to 44%. Mazola corn oil gained 13% in U.S. sales during the year despite the nationwide marketing of Beatrice's Hunt-Wesson Foods' Wesson corn oil. Mr. Viscardi says the company's corn oil share increased in 1985 from 15.4% to 16.8%.

Domestic sales of Knorr soups, sauces, bouillons, seasons and mixes increased substantially, but sales are still relatively small in the U.S. compared with Europe and Latin America. Worldwide, Knorr products showed $620 million in sales.

Bread spreads and cheese accounted for $290 million sales worldwide. Skippy peanut butter showed a small increase in domestic sales, as did Mazola corn oil margarine, while the lower-priced Nucoa margarine declined in sales in the U.S.

CPC's pasta and bakery products—a $250 million business worldwide—include Mueller's pasta products and Thomas' English muffins and other Thomas products in the U.S.

The latter showed a 3% increase in 1985 sales, while Mueller's spaghetti, macaroni and other pasta products increased sales 5%. Both Thomas' and Mueller's lead in U.S. market shares.

Among other grocery products, Argo and Kingsford's starches, Karo syrup, and Niagara spray starch are leaders in their markets.

Measured advertising of CPC's leading food products dropped 5.4% to $33 million in 1985. Despite increased competition, Mazola corn oil advertising decreased 3% to $4.5 million.

Skippy peanut butter advertising also dropped 15.8% to $8 million.

Network and spot tv expenditures showed a dramatic drop, with network expenditures down 14% to $5.6 million, and spot tv off 40% to $1.8 million. Despite its expanded distribution in 1985, Thomas' English muffins ad expenditures dropped 17.5% to $5.2 million. Thomas' spending is virtually all in spot tv. Karo syrup advertising, all in magazines, also decreased 18.8% to $1.3 million.

Best Foods mayonnaise advertising dropped 8.3% to $1.1 million. Advertising for Hellmann's increased 12.3% to $9.1 million and amounted to a media mix shuffle. Magazine spending fell 18.8% to $1.3 million, and spot tv dropped 56.1% to $790,000 as network tv ballooned 106% to $7 million.

Knorr's soup mixes increased advertising from $421,000 in 1984 to $2 million last year, mainly in magazines, which showed an increase from $365,000 to $1.8 million. Expenditures of Mueller's pasta products—all in spot tv for both 1984 and 1985—increased 6.3% to $1.7 million.

With 1985 advertising down, in total, for these major products, the increased 1985 ad expenditures mainly came from joint product advertising, such as Hellmann's mayonnaise and Lipton soup mix or in smaller product lines such as Rit dyes.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$10,749	$8,647
Newspaper	1,388	1,736
Newsp. supp.	804	826
Bus. pubs.	483	1,124
Network tv	16,852	16,944
Spot tv	11,768	16,264
Spot radio	1,379	1,211
Outdoor	23	0
Network cable	49	0
Total measured	44,696	46,752
Unmeasured	79,331	126,083
Total	120,000	125,450

CPC INTERNATIONAL
International Plaza
Englewood Cliffs, N.J. 07632
(201) 894-4000

BEST FOODS

Richard W. Siebrasse, president
Robert J. Gillespie, exec vp

Marketing Personnel

Jan A. van Amerongen, vp-mktg services
Michael J. Bevilacqua, vp-sales
Donald C. Berman, business unit dir
Joan S. Dargery, business unit dir
William F. Masterson, business unit dir
Susan B. Huffman, dir-consumer affairs
Robert T. Viscardi, dir-adv
Aaron Strauss, dir-mktg rsch

Advertising Agencies

DFS-Dorland, New York—Mazola corn oil, Skippy peanut butter, Mazola margarine, Golden Griddle syrup, Karo syrups, Argo corn starch, Mazola No Stick—George Dean, mgmt dir; John Kaiser, mgmt super; Oliver Payne, Beth Green, David Srere, acct supers; Richard Cleveland, Paul Kramer, Marianne Bess, Cindy Kenety, acct execs.

Drossman, Lehmann, Marino, New York—new prods—Neil Drossman, Charles Lehmann, Domenick Marino, partners.

Ogilvy & Mather, New York—Hellmann's/Best Foods mayonnaise, Mueller's pasta prods, new products—Cliff Angers, acct group dir; Karen Green, mgmt super; Natasha Kavanaugh, acct super; Garrett Vreeland, Maggie McDermott, acct execs; Priscilla Chang, asst acct exec.

S.B. THOMAS INC
Totowa, N.J.

Marketing Personnel

Nina Henderson, vp-mktg
Octavian S. Pecher, group prod dir
Bruce Firkins, sr prod dir
Robert Lapkin, sr prod dir
Robert Anderson, vp-sales

Advertising Agency

Young & Rubicam, New York—Thomas' English muffins, Toast-r-Cakes, Thomas Protogen Protein bread—Anthony Pace, acct super.

CPC FOODSERVICE
Englewood Cliffs, N.J.

Marketing Personnel

Robert J. Nemec, vp-mktg
Keith Chatting, mktg dir
Ronald Brown, natl sales mgr
Mike Taylor, sr prod mgmt
Mark Sutherland, sr prod mgmt

Advertising Agency

Devine/Tri-Com, New York—Hellmann's/Best Foods mayonnaise, Thomas' English muffins, Knorr prods, Skippy peanut butter—William Schulkin, Charles Sirey, acct execs.

KNORR-SPECIAL PRODUCTS

Albert A. Witz, president

Marketing Personnel

Bruce D. Hillenbrand, mktg mgr
Craig Lesser, prod mgr

Advertising Agencies

Font & Vaamonde Associates, New York—Knorr bouillons—P. Font, president; K. Cole, acct super.

Warwick Advertising, New York—Knorr soups, sauces, bouillons, Rit dye, H-O cereal, Fanning's pickles, Rit, NuSoft, Linit laundry aids—D.K. Felt, R.D. Lamley, vps; N. Adler, acct exec.

BEST FOODS CARIBBEAN

Plinio Gonzalez, president
Jaime Pericas, exec vp-genl mgr

Marketing Personnel

J.F. Tonarely, vp-sales

CORN PRODUCTS

Fred C. Meendsen, president

Marketing Personnel

S.C. Scott, vp-sales
R.A. Burns, mgr-adv & sales promo

Advertising Agency

Gianettino & Meredith, Mountainside, N.J.—Marc Grassberg, acct exec.

RANK **13**

Dart & Kraft

Northbrook, Ill.

($ in millions)

Worldwide	1985	1984	% chg
Sales	9,942	9,759	1.9
Net income	466	456	2.2
U.S.	**1985**	**1984**	**% chg**
Sales	7,317	7,129	2.6
Operating profits	709	646	9.8
Advertising	489	475	3.1
Division sales	**1985**	**1984**	**% chg**
Food products	7,095	6,839	3.3
Direct selling	762	777	(1.9)
Consumer prods	1,315	1,245	5.6
Commercial prods	801	899	(10.9)

Dart & Kraft, hailed as the merger of the decade six years ago, is now being split apart basically into the businesses Dart and Kraft brought into the merger.

D&K's numerous foodservice acquisitions and small business divestitures give a good indication of where Kraft Inc. and the other, as yet unnamed, company are headed. According to a

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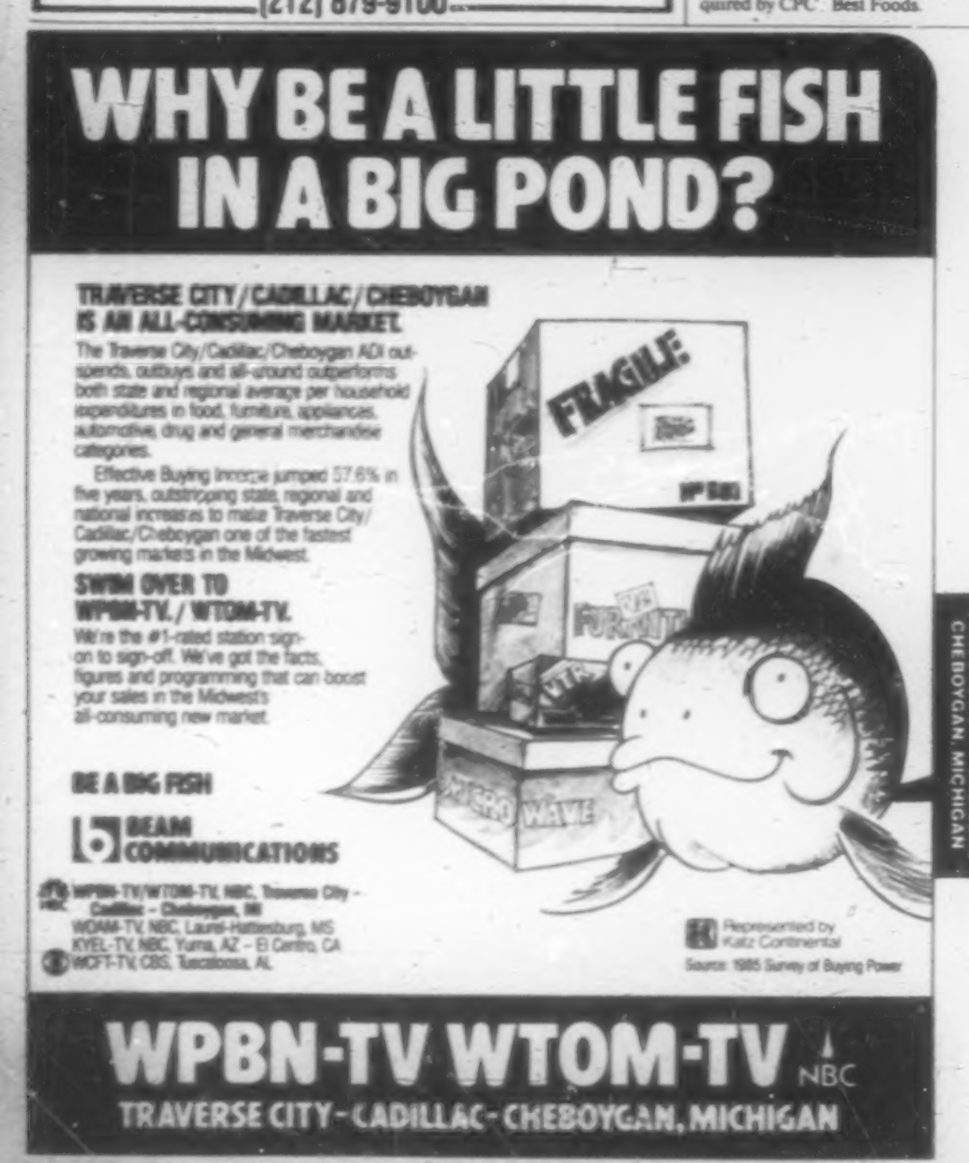

WHY BE A LITTLE FISH IN A BIG POND?

TRAVERSE CITY/CADILLAC/CHEBOYGAN IS AN ALL-CONSUMING MARKET.
The Traverse City/Cadillac/Cheboygan ADI outspends, outbuys and all-around outperforms both state and regional average per household expenditures in food, furniture, appliances, automotive, drug and general merchandise categories.
Effective Buying Income jumped 57.6% in five years, outstripping state, regional and national increases to make Traverse City/Cadillac/Cheboygan one of the fastest growing markets in the Midwest.
SWIM OVER TO WPBN-TV./WTOM-TV.
We're the #1-rated station sign-on to sign-off. We've got the facts, figures and programming that can boost your sales in the Midwest's all-consuming new market.
BE A BIG FISH
BEAM COMMUNICATIONS
WPBN-TV/WTOM-TV, NBC, Traverse City – Cadillac – Cheboygan, MI
WDAM-TV, NBC, Laurel-Hattiesburg, MS
KYEL-TV, NBC, Yuma, AZ – El Centro, CA
WCFT-TV, CBS, Tuscaloosa, AL
Represented by Katz Continental
Source: 1985 Survey of Buying Power
TRAVERSE CITY, CADILLAC CHEBOYGAN, MICHIGAN
WPBN-TV WTOM-TV NBC
TRAVERSE CITY-CADILLAC-CHEBOYGAN, MICHIGAN

any spokesman, the separation ot affect products and marketing it becomes final sometime later ear.

wever, one product—Sealtest's B'ar squares—may not last into e-merged company. The product under question this summer a number of people became ill eating Polar B'ars. Production stopped and advertising was d. There are no immediate plans introduce the product, says a spokesman. "We are re-evaluat- e production technology."

the breakup, the Kraft side, head- ered in Glenview, Ill., will con- Kraft, Duracell batteries and Dart aft Financial, or about $8 billion les and $3.2 billion in assets. The med Dart side, based in North- k, Ill., will have Tupperware, Ho- and West Bend, amounting to of about $2 billion and assets of billion.

&K again was dominated by its food products division, which unted for 70% of both over-all and operating profit at D&K. operating profit of $997.9 mil- rose 2.3% over 1984.

&K, which collected $2.6 billion in and $288.5 million in operating ne from international business in , had estimated worldwide ad ex- itures of $489.3 million, up 3.1% 1984. D&K had total measured ding of $229.3 million, up 3% 1984 and is estimated to spend million in unmeasured.

e direct selling division, which is perware International, declined in operating profit, to $112 mil- on a drop in sales of 2%, a slide has continued since the turn of the s. Tupperware accounts for 8% of D&K sales. However, sales grew e fourth quarter and continued ird into 1986. In the second quar- 986, Tupperware reported an in- e of 10% to $218.6 million in sales pretax operating earnings of $34.1 on, up 13% from the year-earlier d. The company credits lower op- g costs and improved European with turning the division around. sales continue to decline.

its second makeover year, Tup- are initiated new incentives to esses, dealers and managers. er profits and rewards for recruit- ts have contributed to the one- increase in longevity of dealers. ncrease Tupperware's attractive- as a career choice, the company added independent insurance and ancial services trust that provides health, life and accident insur- coverage and personal invest- programs.

pperware, which was a Dart busi- before the merger and will remain eported a 25% share of all non- l ovenware sales in the second of 1985. Its Ultra 21 ovenware inaugurated in a $10 million tv paign in the previous year, is the r growth factor. Five new prod- two toys and new color lines were d during the year. The line was d out in Japan last year, and the pany plans to focus on the inter- nal market in 1986, introducing venware line in Europe and Aus- a.

&K grew in 1985 by acquisition, hasing five foodservice or food- ucts companies: Everest Group, ustralian producer of pasta, ice m and frozen dinners; Westman mission Co., a Denver-based food ice company for the Rocky Moun- area; Seaboard Foods, a broad- distributor based in Rocky Mount, .; LBJ Institutional Supply, a nia-based foods distributor; S.S. ce Co., a Glenview, Ill.-based service company. D&K also ht Dynacharge, the Canadian- battery brand name that will be for Duracell's Canadian products. igned letters of intent to purchase eri Produce, a broad-line foodser- distributor in San Diego, and Sage s of Des Plaines, Ill., considered rgest national distributor of food- ce products to the airline indus-

D&K also bought majority control in the Italian cheese company Invenizzi S.p.A and entered into an agreement with the San Francisco French Bread Co. to develop a frozen-bread product line. The company says it will continue to pursue foodservice companies in the Kansas City, Chicago, Phoenix and New York areas. The company also hopes to use its expanding foodservice outlets to broaden its distribution of Lender's bagels and Celestial Seasonings herb teas. Food service currently accounts for 13% of all D&K sales.

The company also did some housecleaning in 1985, completing its sale of KitchenAid to Whirlpool for an after-tax gain of $41 million after a year of antitrust hearings. D&K also divested itself of most of its small healthcare operations like Absorbent Cotton Co., Delta Medical, Sterile Products and Seamless Hospital Products. The company also sold its small business interests in Brazil.

D&K's heavy food-line expansion carried over into 1985. New Rocker n' Rollers macaroni and sauce mix was added to the Kraft dinners line. Pourable cheese toppings, introduced in the Denver and San Francisco areas, and VegiSnax, cell culture-grown carrot and celery snacks that are crispier than ordinary vegetables, entered the market in early 1986. Miracle Whip in a 15-oz. squeezable bottle and Real mayonnaise were introduced in northern Indiana. A six-item line of Sauceworks and Kraft Light naturals reduced-fat cheeses and Presto Italian pourable salad dressing that does not separate after shaking were rolled out nationally.

D&K discontinued its Cheese Classics frozen side-dish line after 15 months of testing in the Southwest. The 10 entrees were pulled because of poor distribution.

D&K's acquisition in July of this year of Medford, Wis.-based Tombstone Pizza Corp. ensured Kraft's presence in the freezer case. Tombstone, which has a 10% share of the national $834 frozen pizza market, plans to expand distribution of its Tombstone and Double-Top brands and introduce new products in the coming year.

Celestial Seasonings, acquired by D&K two years ago, increased its market share 10 percentage points to 50% of the $90 million herbal tea market. According to analysts, no company emerged as a clear-cut No. 2 in the market. Thomas J. Lipton Inc., whose black-tea market is growing at only a few percentage points a year, brought out its own brand of herbal tea.

Celestial Seasonings added four flavors and broadened distribution channels and marketing programs in 1985. Since its buyout, Celestial has doubled its ad budget to nearly $1.5 million. And in 1986, it plans to introduce new lines of fruit-flavored and after-dinner teas. Because of these "business-building investments" profits were off, according to the company.

D&K's other star acquisition of 1984, Lender's bagels, gave a strong performance last year. Despite the introduction of competitor Sara Lee's Bagel Time bagels, Lender's captured more than 80% of the $70 million market. The company spent nearly $6 million on advertising in 1985.

Kraft's dairy group had a substantially better year than in 1984, reporting a 10% volume gain (excluding fluid milk). Representing 9% of total Kraft sales, this group began phasing out its poorly performing fluid milk business last year.

This segment's strongest performers were its ice creams, with all brands reporting significant tonnage increases. Frusen Gladje has tripled sales since its acquisition by Kraft in early 1985, picking up more force in the superpremium category. It is the No. 2 superpremium brand with an 18% share of the relatively small market. Breyer's all-natural line did well with its expansion into nine western states. The No. 1 over-all ice cream with 8% of the total market, Breyer's has an 11% share in its distribution area.

Celebrating its 50th anniversary, Sealtest brand reported a 16% volume increase. It also introduced its Cubic Scoops flavors. The company's Polar B'ar Squares also introduced two new flavors—peanut butter crunch and heavenly hash. But the future of Polar B'ar is in question following Kraft's removal of the product from the market. Kraft shut down production when the product was found to contain harmful bacteria. A $12 million pretax charge for removal-related expenses was reported by the company for the first quarter in 1986. The company and the Food & Drug Administration continue to investigate.

Kraft spent $28.6 million on Velveeta brand products in 1985, up 33.6%, and representing the largest expenditure by Kraft on a brand in 1985. It backed Miracle Whip salad dressing with $17 million in measured media, up 44%, helping make Miracle Whip No. 1 in the viscous dressing market with a 33% share. Together with Miracle Whip mayonnaise, which has a 15% share of the mayonnaise market, the two brands almost double the share of CPC International's No. 2 ranked Hellmann's, which has a 27% market share.

The most dramatic increase in ad spending for one product in 1985 was for Kraft natural cheeses. Measured support for the product in 1984 was nearly $10 million; in 1985 that more than doubled to nearly $21 million. The company reported higher profitability in this category—mostly as a result of its "strategically focused region-by-region sales program" during the second half of the year

The consumer products and commercial products divisions, consisting of Duracell, West Bend, Health Care and KitchenAid, accounted for 13.2% of D&K's total sales and 9.3% of operating profit.

Duracell, the leading producer of high-performance consumer batteries, continued to edge out Eveready with a 48% market share. Combined with Eveready's 42% share, the two companies combined account for 90% of the market. Both companies spent less last year on advertising for the first time in two years. Duracell spent nearly $25.4 million and Eveready about $27.6 million when it was owned by Union Carbide. It since has been sold to Ralston Purina. In 1984, Duracell outspent Eveready $28.6 million to $22 million, according to Leading National Advertisers. Despite its control of the market, Duracell's profit's declined because of investments and research. In September, Duracell introduced a new line of alkaline batteries that last 30% longer than its regular batteries.

West Bend Co. also reported profit losses in 1985 because of a soft housewares industry. West Bend did best with its Precor and Total Gym physical equipment line and Chicago-based Borg-Erickson Corp.'s bathroom scales. These products are riding the wave of what by the end of the decade will be a $2.5 billion market, according to the company. West Bend also plans to introduce a space-saving toaster/-oven/broiler, Oven Up, this year.

D&K consolidated its network tv buying responsibilities totaling $100 million at Foote, Cone & Belding, Chicago. Previously, daytime buys were handled by Needham Harper Worldwide and prime-time and network specials were managed by J. Walter Thompson USA. N W Ayer, New York, continues to handle all spot tv buys. Kraft also shifted its $1 million low-calorie pourable dressing account to Needham Harper Worldwide from JWT to ease the workload.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$35,723	$33,627
Newspaper	6,433	6,920
Newsp. supp	2,245	1,657
Bus. pubs	51	10
Network tv	111,182	121,329
Spot tv	64,033	52,859
Network radio	652	2,381
Spot radio	7,425	2,326
Outdoor	21	40
Network cable	1,584	1,391
Total measured	229,349	222,530
Unmeasured	260,000	252,290
Total	489,349	474,820

DART & KRAFT
2211 Sanders Rd.
Northbrook, Ill. 60062
(312) 498-8000

DURACELL INC.
Bethel, Conn.

Marketing Personnel

Charles Kiernan, vp-mktg & devel
Kevin J. Kelley, group prod mgr
Robert C. Giacolone, sr prod mgr

Advertising Agency

Ogilvy & Mather, New York—Durabeam lighting prods, Duracell batteries—Jack Reed, sr vp-group dir; Philippe Defechereux, sr vp-mgmt super.

HOBART CORP.
Troy, O.
COMMERCIAL EQUIPMENT DIVISION

Marketing Personnel

John Kissick, vp-mktg
William F. Lohrer, mgr-adv

Advertising Agency

Willis, Case, Harwood, Dayton, O.—Lew Boradies, acct super.

TUPPERWARE
Kissimmee, Fla.

Marketing Personnel

Don Hoffman, vp-mktg
Dan McSpadden, dir-prod mktg
Jerry Lake, vp-sales promo
Mayee Leung, dir-sales promo

Advertising Agency

Young & Rubicam, Chicago—Patti Cichon, acct super.

WEST BEND CO.
West Bend, Wis.

Marketing Personnel

G.H. Miller, vp-mktg
Debra Kumm, mgr-adv & pr

Advertising Agency

In-house.

PRECOR
Bothell, Wash.

Corporate Personnel

Bill Potts, president

Marketing Personnel

Paul Byrne, vp sales & mktg

Advertising Agency

John Brown, Seattle—Sue Ferguson, acct super.

HEALTH EXAMINETICS
San Diego, Cal.

Corporate Personnel

Robert Dempsey, president

Advertising Agency

Maher, Kaump & Clark, San Diego—Bruce Kaump, acct super.

KRAFT DAIRY GROUP
Philadelphia, Pa.

Marketing Personnel

Thomas Herskovits, group vp-mktg
Robert Creighton, vp-genl mgr, specialty prods/strategic planning
Mitch Wienick, mktg dir, cultured prods
Robert Baker, mktg dir, frozen desserts

Advertising Agencies

NW Ayer, New York—Sealtest ice cream, sherbet, Polar B'ar ice cream squares, Breyers yogurt—David Gantman, sr vp-exec acct dir; Kenneth McCarren, sr vp-mktg super; Peter Varvara, vp-acct super.

Geers, Gross, New York—Breakstone cottage cheese, sour cream, dip; Light n' Lively yogurt, cottage cheese & ice milk; Fresh Delights cottage cheese with fruit; Frusen Gladje ice cream—Larry Deitch, acct super; Dennis Fogarty, group mgmt dir.

Hispania Advertising, New York, (JWT USA subsidiary)—Hispanic & multiproduct adv—Caroline Demy, sr vp-genl mgr.

Young & Rubicam, New York—Breyers ice cream—William Green, sr vp-mgmt super.

KRAFT RETAIL FOOD GROUP
Glenview, Ill.

MarketingPersonnel

Robert S. Morrison, exec vp-genl mgr
Winthrop W. Hamilton, vp-dir mktg, refrigerator prods div
J.P. Durrett, exec vp-genl mgr, grocery prods div/exec vp mktg services
E.C. Strobel, exec vp-genl mgr, retail venture div
W.B. Whitaker, exec vp-genl mgr, sales & sales offices

Advertising Agencies

N W Ayer, Chicago—La Creme whipped topping—Leslie Carothers, sr vp-mgmt super.

N W Ayer, New York—agency of record Kraft Inc. spot tv pool—George Burrows, vp.

Leo Burnett USA—Velveeta loaf, slices—Tom Ross, exec vp-client service; Brian Williams, vp-acct dir.

Foote, Cone & Belding, Chicago—caramels, marshmallows, marshmallow creme, sauces and toppings, packaged dinners, BBQ sauce, Celestial Seasonings, youth program, agency of record for network tv, new prods—James Ceranani, group acct dir; Tom Shapiro, Pat Mayland, Jean McLaren, sr acct dirs.

Geers, Gross, New York—Lender's bagels—Kent DeFelice, exec vp-dir acct services; Dennis Fogarty, sr vp-mgmt super.

Hispania Advertising (JWT USA subsidiary), New York—Hispanic & multi-prod adv—Caroline Demy, sr vp-genl mgr.

Needham Harper Worldwide, Chicago—margarines, fruit spreads, mustard, Philad phia Brand pourable dressings, Hand snacks—Jack Copher, group acct dir; Kath McKirdy, mgmt rep.

Proctor & Gardner, Chicago—Black co sumer mktg, multi-prod adv—Rolfe K conay, vp-acct super.

J. Walter Thompson USA, Chicago- cheese, viscous & pourable dressings, foo service, corp adv—Lloyd Stein, sr vp-gro acct dir, Kraft, Kraft International—Ri Anderson, vp-acct dir intl; David Blanto Tim Dorgan, Jerry Johnston, George Scho vps-acct dirs domestic prods.

KRAFT INC.
INDUSTRIAL FOODS GROUP
Memphis, Tenn.

Marketing Personnel

Frank D. Donovan, vp-sales & mktg, p vate label prods
C.F. Arnoult, vp-industrial mktg, oil prod
Fred Betzel, vp-mktg & sales, industrial
William O. DeBerry, vp-sales/private labe
G.E. Maynard, vp-sales/industrial
R.E. Wenzler, vp-industrial ingredien mktg

Advertising Agency

Ward Archer & Associates, Memphis Joan White, acct exec.

Delta Air Lines

Atlanta

RAN
88

($ in millions)			
Worldwide	**1986**	**1985**	**% ch**
Sales	4,460	4,684	(4.8
Net income	47	259	(81.7
U.S. advertising	94	94	0.5
Division sales	**1986**	**1985**	**% ch**
Passenger	4,132	4,376	(5.6
Cargo	240	235	2.1
Other	88	72	22.2

With a new three-year pilots' co tract that helped bring its high lab costs under control and one of t healthiest balance sheets in the indu try, Delta Air Lines is ready to take o The big question is, where is De headed?

For the 1977-85 period, the carr generated $3.5 billion in cash flo from operations, while capital expe ditures totaled $4.2 billion. Delt cash flow from operations cover 82% of its capital expenditures, a sup rior cash flow-to-capital ratio. In co parison, the airline industry as a wh generated $20.5 billion in cash fl from operations over the same peri which provided 62% of the $33 billion spent on capital expenditur according to Salomon Brothers.

But Delta has been criticized being too conservative in not using financial power to expand its ro system, says Louis Marckesano, vp- nior transportation analyst with J ney Montgomery Scott, Philadelph There have been rumors that Delta looking for an acquisition or merg partner.

"The future of this industry is five six supercarriers who go just abo everywhere," Mr. Marckesano sa "But 95% of Delta's flights are east the Mississippi." Delta did make $18.7 million cash tender offer in m August, 1986, for Jet America Airlin a small West Coast carrier. Howev Jet America had already agreed to buyout from Alaska Air Group In generating speculation that De might be attempting to buy Alas Air.

Delta, which increased advertisi less than 1% in 1985 from the previo year, made substantial shifts in me sured spending from newspaper to Agency BDA/BBDO, Atlanta, us variations of the "Delta gets you ther tune for the spots.

Measured spot tv spending jump 23% in 1985 to $13.4 million to b come the second leading spending c egory. Network tv spending jump 40% for the year to $6.1 million, a Delta spent an additional $4.7 milli on cable tv in 1985. Newspapers co tinued to be Delta's biggest measu spending category in 1985, but fell $17.2 million for the year, down 33. from 1984. Out-of-home media spen ing increased to $1.8 million in 19 up 16%.

James N. Porter, Delta's director advertising and sales promotion, s the increase in network tv spend

BEST COPY AVAILABLE

was related to the introduction of the new corporate campaign. For the remainder of 1985 and the first six months of 1986, Delta has concentrated on spot tv and cable. Cable spending, for example, increased substantially in 1985 from its level of less than $1 million in 1984, he says.

The decline in newspaper spending was related to a reevaluation of ad linage needs and competitive factors in each market, he adds. "We didn't set out to cut newspaper spending, we just wanted a better mix of media."

A key factor in reevaluating media spending was intense air fare competition in the final six months of 1985 and through the first six months of 1986, Mr. Porter says. "There were so many fare changes [by competitors] that we just stopped advertising fares, [which reduced the importance of more immediate newspaper spending and favored spot tv]. Our strategy was to keep the Delta name in front of the public and to let them know that we offer competitive fares," he says. "We try not to get into fare wars. We match fares where it makes good economic sense. Obviously, if everybody jumps, you have to, too."

Such was the case in March, 1986, when several carriers, including Delta's arckrival Eastern Airlines, drastically cut fares to boost traffic. Eastern, in particular, attacked Delta with a two-week, $8 million tv blitz publicizing systemwide spring and summer discounts of up to 75% off regular coach. Miami-based Eastern parodied Delta's tv campaigns using the theme "Eastern gets you there for a whole lot less." Bookings at Eastern were up by 50% over the similar period last year, the company reports. Eastern broadened its fare attack to People Express on routes between the Northeast and Florida, using the theme "Fly smarter," a jab at People's "Fly smart" campaign.

The 1986 fare skirmishes have boosted Delta's traffic, but dampened its earnings in the fiscal year ended June 30, 1986. Delta's total revenues for this period fell 4.7% to $4.46 billion. Intense fare competition caused net income to fall 82% to $47.3 million in fiscal 1986, from $259.5 million in 1985.

Analysts predict airline fares gradually will increase through the end of 1986, however. Although fares fell by 11.3% in June, 1986, several major carriers increased fares by $5 to $10 in more than a third of their markets, according to Salomon Brothers. But while fares increase, major carriers also are taking deliveries on new aircraft and refusing to retire old ones as a result of falling fuel costs.

Although lower fares boosted domestic traffic in June, 1986, by 13.4%, capacity additions for the month grew by 26.3%—almost twice as fast—which caused load factors to fall 7.3% to 63.5%. Delta's traffic for the second calendar quarter of 1986 fell 4.7%, while its capacity increased 1%, giving Delta a load factor of 58.6%, down 3.5% from the same period a year earlier.

Analysts say Delta's position is strengthened through 1986 because Eastern is embroiled in financial and labor problems and involved in a takeover by Houston-based Texas Air Corp. By mid-1986, Eastern began cutting back in markets also served by Delta. Eastern is eliminating 12 of 53 daily flights at its Charlotte, N.C., hub, beginning Oct. 1, and plans to sell some aircraft freed by the cuts.

Eastern also dropped Miami-to-London service in July, 1986, at the same time that Delta was expanding flights from Atlanta to Europe. In May, 1986, Delta inaugurated four weekly nonstop flights between Atlanta and Shannon, Ireland, and two weekly one-stops operating between Atlanta and London. In April, 1986, Delta began daily service to Munich and three weekly flights to Stuttgart, via Munich. Delta also offered a variety of vacation packages.

Michael Derchin, airline analyst for New York-based First Boston Corp., says Eastern's retrenchment strategy could strengthen Delta's hand in the Southeast. In addition, the Texas Air takeover will improve Eastern's ability to compete without resorting to drastic fare cuts.

"A healthy Eastern is good for Delta because Eastern would be less likely to engage in kamikaze fare tactics," Mr. Derchin says. "Eastern was one of the industry's big fare cutters this year."

Delta suffers heavily from Eastern's tactics because both carriers are concentrated in southeastern markets. Delta's proportion of air traffic obtained from routes also served by Eastern was 58.5% of total traffic, according to 1984 data by the Civil Aeronautics Board. Delta's next biggest competitor is American Airlines, which overlaps 22.6% of Delta's routes.

But Delta is making moves to expand beyond its eastern base. In March, 1986, Delta reached agreement with Japan Air Lines and Western Airlines to coordinate flight schedules and to offer additional services, such as baggage check-through on overseas and domestic flights. Japan Air is looking for partners that would help it to compete with UAL's United Airlines unit, which acquired Pan Am's Pacific routes in 1985 for $750 million. On May 1, 1986, Hertz Corp., another UAL unit, became the newest participant in Delta's frequent flier program.

In February, Delta expanded its frequent flier program to include Air New Zealand, which makes members eligible for free and reduced-rate travel awards to New Zealand, Australia and the South Pacific. Delta also began offering "Around the World" air fares in March, 1986, in cooperation with Qantas Airways, Singapore Airlines and Thai Airways International.

Domestically, Delta strengthened its Delta Connection feeder network in May, 1986, by purchasing a $16.9 million, 20% stake in Comair Inc., which flies into its Cincinnati hub. Atlantic Southeast Airlines, Ransome Airlines and Rio Airways are the other members of the Delta Connection.

Analysts says Delta is a powerhouse no matter what the competitive factors. Delta ranks as one of the five strongest carriers in the industry, according to an analysis by Salomon Brothers, New York. Delta's average return on equity is among the highest of any domestic carrier. And Delta has conducted one of the industry's most aggressive fleet modernization programs while maintaining low long-term debt.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$426	$340
Newspaper	17,116	26,332
Bus. pubs.	518	580
Network tv	6,142	4,396
Spot tv	13,356	10,823
Spot radio	19,903	19,321
Outdoor	1,844	1,591
Network cable	4,715	296
Total measured	64,020	63,679
Unmeasured	30,000	29,840
Total	94,020	93,519

DELTA AIR LINES
Hartsfield Atlanta
International Airport
Atlanta, Ga. 30320
(404) 765-2600
Marketing Personnel

W. Whitley Hawkins, sr vp-mktg
R.W. (Bob) Coggin, asst vp-mktg devel
Al H. Kolakowski, asst vp-sales
Matt Guilfoyle, dir-field mktg
Harry Dunham, dir-mktg programs
James N. Porter, dir-adv & sales promo
Fred Hopmeier, dir-intl mktg
John Such, dir-mktg automation
Marcey McCann, dir-reservation sales

Advertising Agency

BDA/BBDO, Atlanta—Glenn Verrill, president-mgmt super; Jack Walz, exec vp-acct super; Al Boam, vp-acct exec; Gail Waldrop, vp-acct exec; Bill Cromartie, vp-broadcast production.

Franglais spoken here!

Mickey Mouse as a promoter of cultural imperialism! Maybe the French have a point, but the Mitterrand government, ogling the 30,000 new jobs that would be created by the planned $1.2 billion Enchanted Kingdom Disney theme park planned outside Paris, put the issue aside in late August, 1986, and reached agreements on substantive matters like tax rates. Full approval is expected in September. Mickey Mouse and other Disney characters, without a doubt have been leading embassadors of American culture worldwide. Mickey, now 58, aside from his films, was seen on Paris streets in 1933 cavorting behind the hands of a wristwatch.

Walt Disney Co.

Burbank, Cal.

R
6

($ in millions)

Worldwide	1985	1984	%
Sales	2,015	1,656	
Net income	173	98	
U.S. advertising	140	60	1

Division sales	1985	1984	%
Entertainment	1,258	1,098	
Films	320	245	
Community devel.	315	204	
Consumer prods	123	110	

Walt Disney Co. is a hot prope
Wall Street given its sales and ea
performance in 1985 and evidenc
two outside efforts to take ove
company in 1984.

Disney's mercurial rise is large
dited to a new management
headed by former Paramount
dent Michael D. Eisner, picked
Disney board of directors in Se
ber, 1984, after a successful six-
fight against two hostile takeov
tempts.

Disney, which only began su
ing its theme parks with nation
vertising in 1984, tripled that spe
in 1985 to $19.8 million. This
diture accounted for most of Di
101% increase in measured spe
over 1984.

The recreation division—D
land, Walt Disney World, Epco
ter and Toyko Disneyland—
company's corporate locomotiv
counting for 65% of sales. Di
total theme park attendance
U.S. increased 8% in 1985; 19%
neyland, which celebrated its 30
niversary, and 3% at Disney Wo

Of the advertising largess in t
vision, Disney World and Epco
ter in Orlando got $14.2 millio
Disneyland in Anaheim, $5.7 m
Spot tv got $12.7 million of the
World expenditure, primarily
two-month campaign begun in
ary that reached 51 Midwes
Northeast U.S. markets.
$856,000 went into network t
$4,000 into outdoor ads. Disne
advertising in 1985 included $1.
lion in magazines, $60,000 in ne
per supplements, and $4 milli
spot tv.

Higher ticket prices, new attra
and increased attendance, as w
some cost-cutting, led to operati
come of $266.4 million at the
pany's theme parks, which is 63.
total operating income of $418.
lion. The threat of terrorism a
and the decline of the dollar a
major foreign currencies is lik
stimulate domestic travel in 198
proving those numbers.

Disney also is expanding its
ation division with a fourth
park, in France, to open in the
1990s. It is expected to draw so
million visitors annually. The
pany also is merging interests
filmed entertainment division w
recreation division through the
struction of a $300 million film
adjacent to Disney World and
Center. The Disney-MGM Studi
charge separate admission and w
operated both as a theme park an
production site for Disney films.

Filmed entertainment, its
largest division, grew in operati
come from $2.2 million in 19
$33.6 million in 1985 as sal
creased 30.8%. The 1984 figur
clude one-time writedowns i
fourth quarter. The division in
the Walt Disney Studios in Calif
a motion picture distribution arm
work tv productions, tv syndic
the Disney Channel (cable)
video division.

Disney plans to become a
fledged motion picture producer,
ing out 12 to 15 films a year by
Among the films released in 19
their box office gross if they ma
Variety charts: "Baby—Secret
Lost Legend" ($6.8 million), "M
ence Project," "Return to Oz"
animated feature, "The Black
dron" ($9 million) fared unex

How much did your competitor spend on full-color magazine ads this quarter, last quarter, last year?

Turn to LNA for answers.
See page 129

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larly. Rereleases of "Pinocchio" and "Fantasia" were money makers, with "Pinocchio" grossing more than $24 million in its showing in the 1984 Christmas season. A 1986-release "Down and Out in Beverly Hills," produced by Disney's Touchstone Films, besides breaking out of the Disney G and GP-mold, grossed $6.6 million in its first five months on the charts.

"Ruthless People," starring Danny DeVito and Bette Midler, has tallied more than $60 million in only two months into its run. "The Great Mouse Detective" had a respectable $22 million in little over a month this summer, and "Flight of the Navigator" released in early August, had $15 million by mid-August. "The Color of Money," starring Paul Newman, will be released later in the year.

Disney returned to network tv in 1985 after a two-year hiatus with a hit situation comedy, "The Golden Girls" on NBC; two Saturday morning animated series, "The Adventures of the Gummi Bears" on NBC and "The Wuzzles" on CBS; "The Disney Sunday Movie" on ABC, and the planned production of 23 one and two-hour original tv movies.

Only 20 months after it began operation, the Disney Channel became profitable in January, 1985, and ended the year with 2.3 million subscribers on more than 2,500 cable systems. The company expects subscriber totals to grow to 2.5 million by the end of 1986. Disney Channel is adding original productions to its 19-hour-a-day schedule.

Another major Disney move in 1985 was the syndication of Disney properties, including 29 years' worth of "The Wonderful World of Disney" and some 500 cartoons, a decision one critic compared to selling the crown jewels, but nevertheless raised more than $40 million in syndication fees in the first month alone.

Buena Vista, Disney's motion picture distribution arm, sold more than 100 titles to tv in Australia and European countries in 1985. And Disney created a new video division to market Disney properties in the burgeoning home video and pay tv markets.

Measured advertising for Disney's Filmed Entertainment Division in 1985 totaled $14.1 million, up from $11 million in 1984. As in 1984, the 1985 advertising was spread nearly equally among magazines, newspapers, and network and spot tv.

Disney's consumer products division showed 1985 operating income up 5% to $56.3 million on a 1% growth in sales. The division introduced Gummi Bears and Wuzzles characters in addition to toys and clothing featuring the traditional Disney characters. Advertising is done essentially by companies licensed to sell some 8,000 products.

Disney's other division, Arvida Disney Corp., had measured advertising of $2.4 million, up from $1.4 million, primarily to promote Disney-owned hotels and resorts in magazines. The division also handles property development for Disney's theme parks and its industrial, commercial and housing developments.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$7,431	$ 3,543
Newspaper	2,343	800
Newsp. supp.	720	430
Bus. pubs.	283	376
Network tv	2,713	3,687
Spot tv	28,213	12,096
Spot radio	1,626	671
Outdoor	166	87
Network cable	638	362
Total measured	44,021	21,852
Unmeasured	95,980	47,645
Total	140,000	69,497

WALT DISNEY CO.
500 S. Buena Vista St.
Burbank, Cal. 91521
(213) 840-5000
Marketing Personnel

Barton K. Boyd, exec vp-consumer prod & merch
Richard A. Nunis, exec vp-Walt Disney World & Disneyland
Luther R. Marr, vp corp & stockholder affairs
Peter F. Nolan, vp-rights & business affairs, consumer prods
Erwin D. Okun, vp-corp communications

Advertising Agency

Young & Rubicam, New York—Gordon Weaver, president, Y&R Entertainment; Steve Rose, exec vp, Y&R Entertainment.

WALT DISNEY WORLD CO.
Lake Buena Vista, Fla.
Marketing Personnel

Tom Elrod, vp-mktg
Tom Garrison, mktg dir
Mike McPhillips, mgr adv

Advertising Agencies

(In-house) Vista Advertising, Orlando, Fla.—Jane Williams, media buyer.
Young & Rubicam, New York—Gordon Weaver, president, Y&R Entertainment; Steve Rose, Y&R Entertainment.

CHARACTER MERCHANDISING DIV.
New York
Marketing Personnel

Joe Pellegrino, dir-U.S. licensing
Tom Hess, mktg mgr
Kim Meth, adv & pr super

Advertising Agency

Young & Rubicam, New York—Gordon Weaver, president, Y&R Entertainment; Steve Rose, exec vp, Y&R Entertainment.

WALT DISNEY PRODUCTIONS
Marketing Personnel

Bob Levin, sr vp
Robert Jahn, vp-creative services
Gary Kalkin, vp-publicity
John Windel, vp-promos

Advertising Agency

Young & Rubicam, New York—Gordon Weaver, president, Y&R Entertainment; Steve Rose, exec vp, Y&R Entertainment.

ARVIDA DISNEY CORP.
Corporate Personnel

Charles E. Cobb Jr., chmn-ceo

RANK
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Dow Chemical Co.

Midland, Mich.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	11,537	11,418	1.0
Net income	58	580	(89.9)
U.S.	**1985**	**1984**	**% chg**
Sales	5,211	5,290	(1.5)
Operating profits	255	383	(33.4)
Advertising	105	92	14.5
Division sales	**1985**	**1984**	**% chg**
Basic chemicals	5,237	5,377	(2.6)
Basic plastics	1,508	1,671	(9.9)
Indust. specialties	2,785	2,580	7.0
Cons. specialties	2,029	1,675	21.1

Dow Chemical Co. began to receive benefits in 1985 from the restructuring it began eight years ago to augment the cyclical bulk chemical business with specialty chemicals and services and consumer goods.

Dow gave a further boost to its consumer business in January, 1985, by purchasing the Texize cleaner-product business of Morton Thiokol, doubling the size of its consumer business. The acquisition led to formation of the company's new subsidiary, Dow Consumer Products, based in Indianapolis.

The company also says 1985 was the year its consumer specialties business first began living up to its promise of producing growth, high returns and becoming more recession resistant.

For the quarter ended June 30, 1986, Dow had the best second-quarter net income in its history, at $222 million, 43% higher than the second quarter in 1985. Sales for the quarter were $2.9 billion, down 3% from $3 billion for the same period in 1985.

In the past two years the company has commercialized more products than in any similar period. More can be expected, according to James Wilbur, specialist in analysis of chemicals securities, Smith, Barney, New York: "Dow is an example of preferential allocation of resources as it places emphasis on Texize, the pharmaceuticals and other areas of specialization. Capital should shift toward new areas in the company . . . to pull chemical output into consumer products."

A clear example of this process is the latest major Dow consumer product introduction, Citrucel, Dow's entry of May, 1986, in the $500 million bulk laxative market. Taking on G.D. Searle & Co.'s (now Monsanto Co.'s) long-established Metamucil, orange-flavored Citrucel results from cross-breeding a Dow chemical technology product, methyl cellulose, with the company's newly added pharmaceuticals marketing know-how, supplied by Lakeside Pharmaceuticals Division, Merrell Dow Pharmaceuticals Inc., Cincinnati.

In its broad ad campaign, Lakeside aims attention at the difference in texture between Citrucel's "smooth" methyl cellulose texture and what it calls the "gritty" texture of Metamucil.

Marketing promotion is moving under the banner "Great Taste. No Grit" and includes network and spot tv, coupons, free-standing inserts and sampling. Shaller, Rubin & Winer, New York, agency for Merrell Dow's over-the-counter line, handled the campaign. Citrucel is one of many examples of "vertical integration" Dow, which is the main producer most of the chemical materials it u to manufacture its more than 1,8 products.

Dow Chemical's worldwide sales $11.54 billion place it second amo chemical companies in the U.S. af Du Pont, which had sales of $29 billion in 1985. It ranks sixth in t world. Some 53% of its sales and 4 of plant investment are outside t U.S.

While 1985 was a big year for adv tising and acquisitions, it was not bright year for sales and income. Sal were up about 1%, while inco plunged 90% to $58 million, prin pally because of an average loss of 5 pound on five basic chemical comm dities that total about 10 billion lbs. Dow production annually, and a sp cial charge of $592 million to compe sate for slow business in some areas its basic chemicals and plastics bu nesses.

Included were writeoffs and wri downs of $471 million for plant faci ties, plus staff cuts of 2,700 employ (mostly through voluntary retiremen worth $121 million in wages and oth costs.

When Dow began its restructuri push in 1978, about 15% of its to profits came from consumer and dustrial specialty products; in 1985 the share is 50%.

The move to specialties shows Dow Chemical's measured media e penditures, moving up 103% in 19 Unmeasured advertising spending heavy couponing, samples, direct m and other forms is estimated at $ million for 1985.

Dow Chemical Co. consists of fo main product segments, basic chem cals, basic plastics, industrial speci ties and consumer specialties. In cent years, sales and profits in t basic product businesses have been and down; sales and profits of the s cialties are generally higher and steeply in the most consumer-focus areas.

Yet Dow says these successes w not divert it from the company's ba foundations in basic chemicals a plastics because Dow's technologi leadership depends on those bu nesses.

What it does mean is that futu growth of the basics will depend reading market demands, not estim ing those future demands.

In 1985, operating profits of basic chemicals segment fell 34% $165 million on a 2% drop in sales. products were caustic soda, wh sales and profits both were down, chlorine compounds, where perf mance was flat. Dow says this segm was hurt by excess world suppli poor prices and foreign imports to U.S.

Basic plastics segment operating come dropped 64.5% to $60 million a sales decline of 10%. A big reason the falloff was a drop in pricing in 1984 caused by the marketplace av ability of big new sources of natu gas, a major ingredient in plastics p duction.

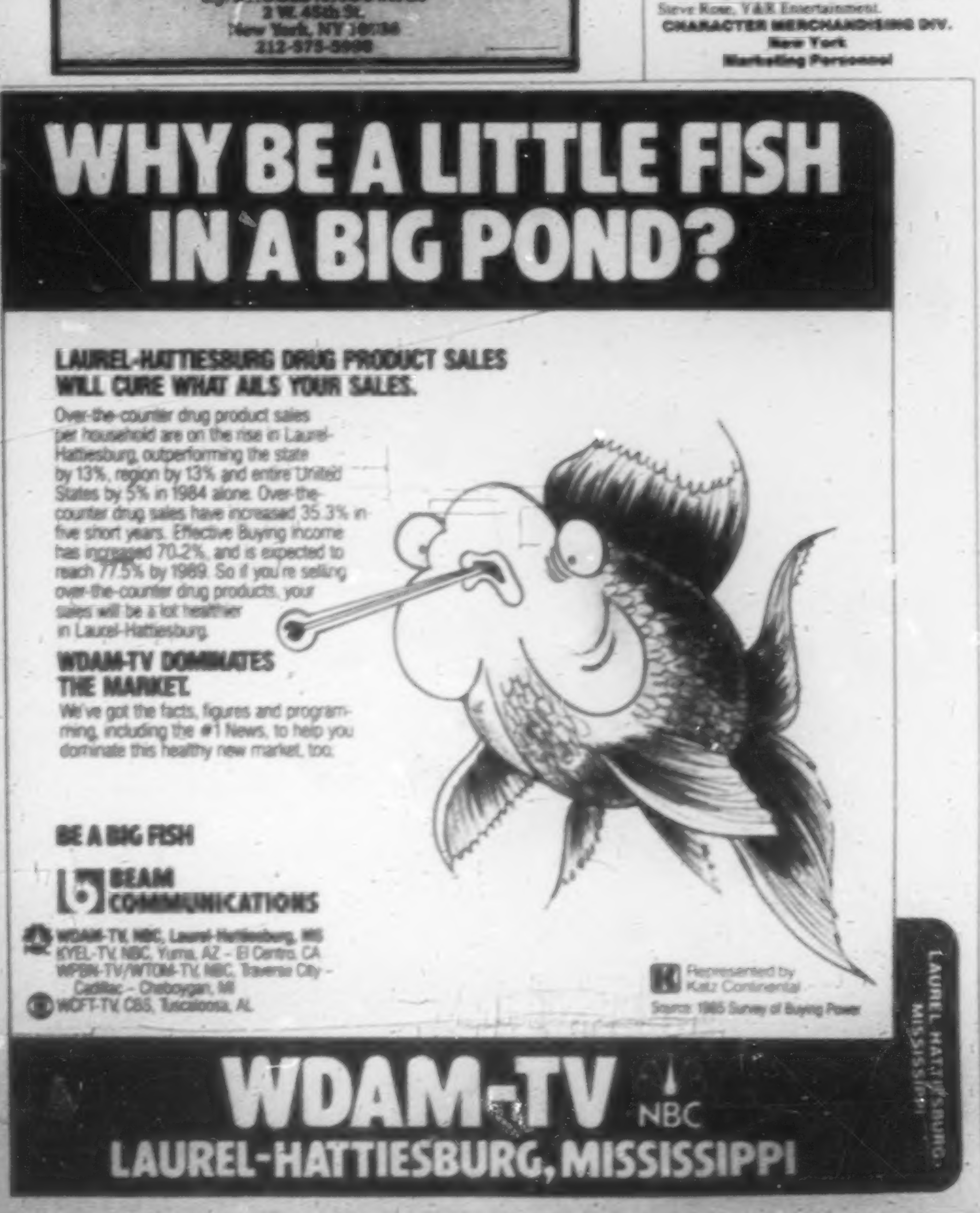
Of the five major items on its pl tics menu, Dow itself produces th itself—styrene, ethylene and benz —and goes outside to buy acrylonit and octene.

A 7% sales growth for the indust specialties segment accompanie 41% decline in operating income $186 million for that segment. Beh the profit decline were a drop in epoxy resin business, because of sl ing international electronics prod tion, and cuts in latex demand by coated-paper and carpet industr But the urethane (foam plastics) was strong and given a boost by acq sition of Upjohn's urethane busines

Dow makes most of the base mat als Upjohn uses in the specialties ment.

All of the charts in the consu specialities product segment point ward; 1985 set records for sales profits: Sales, up 21%, generated o ating income of $226 million, up 7 Within this segment, the human he

HIRING EXECUTIVES:
[illegible]
Nat Willner, Partner
B.J. RHODES ASSOCIATES
2 W. 45th St.
New York, NY 10036
212-575-5900



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WPBN-TV/WTOM-TV, NBC, Traverse City – Cadillac – Cheboygan, MI
WCFT-TV, CBS, Tuscaloosa, AL

Represented by Katz Continental

Source: 1985 Survey of Buying Power

LAUREL-HATTIESBURG, MISSISSIPPI

WDAM-TV NBC
LAUREL-HATTIESBURG, MISSISSIPPI

division (Merrell Dow and other pharmaceuticals) had a 7% increase in sales, to $758 million, and household products (including Texize and Dow Chemical lines) jumped 88% to $593 million because of Texize's inclusion in only 1985 totals. Agricultural chemicals sales in 1985 were up 5%, to $678 million. Here, too, Dow manufactures much of the basic ingredient line needed for these products but does get from outside suppliers such materials as sugar, alcohol, quinine and organophosphate derivatives.

Dow's acquisitions in 1985 were topped by Texize, the Morton Thiokol division purchase for about $300 million in cash and stock. While doubling the size of Dow's consumer business, the Texize addition led to formation of the company's newest unit, Dow Consumer Products. Dow's pharmaceutical properties shifted to Merrell Dow headquarters in Cincinnati.

Included in Dow Consumer Products are the food care products division in Indianapolis—with the Saran Wrap and Handi-Wrap plastic films and Ziploc plastic bags—and the cleaning products division, based at Texize's Greenville, S.C., headquarters. Also a unit of Dow Consumer Products at Indianapolis is the new ventures division, assigned to develop new business areas other than cleaning and food care.

The company created its healthcare products subsidiary, Merrell Dow Pharmaceuticals, when it bought Richardson Merrell in 1981 and merged it with the existing Dow pharmaceutical business. Important products from this division are the new nonsedating antihistamine, Terfenadine (sold as Seldane in the U.S.), the world's largest selling branded antihistamine, Nicorette smoking-cessation gum and the new Citrucel.

In another move related to healthcare products, Dow in 1985 purchased 20% of the stock of Funai Pharmaceuticals, Osaka, Japan, giving it a marketing foothold in the world's second largest pharmaceutical market.

Dow Chemical also purchased the worldwide polymer business for $232 million from Upjohn Co. Before the acquisition, Dow had two-thirds of the formula to make urethanes, high-quality spongy foam plastics used in furniture padding, insulation and automobile interiors. Upjohn had the other third. A smaller but promising addition to Dow Chemical in 1985 was its acquiring of FilmTec Corp., Minneapolis, for $75 million. FilmTec makes membrane separation devices for purifying liquids, useful in treating brackish water.

Dow Chemical's big escalation in advertising spending is because of the addition of nearly $25 million for Texize brands and increased spending for Merrell Dow, for the plastic wraps and bags, Dow Cleaners and the $6.2 million multimedia, corporate-identity campaign bearing the theme: "Dow lets you do great things."

In measured media spending monitored by Leading National Advertisers, outlays for agricultural products increased 92% to $871,000, primarily for Lors Ban insecticides and herbicides, N-Serve soil conditioner and the general Dow agri-chemical line. Agricom-monitored spending, which covers only agricultural-oriented advertising, dropped by 18% to $1.8 million.

Total ad support for Dow household brands was $33.5 million in 1985 and for Texize, $24.5 million. Support for the Merrell Dow pharmaceutical line in 1985 increased fivefold, to nearly $7 million. Cepacol mouthwash spending in 1985 quadrupled to $1.34 million; Cepastat lozenges expanded by nearly seven times to $706,400. Ziploc bags had 31% more backing, rising to $17.9 million. Saran Wrap's 1985 spending rose 19%, to $2.3 million, but Handi-Wrap plastic wrap spending fell 31%, to $3.7 million.

Dow's use of media in 1985 varied by brands and product type. The greatly expanded Cepacol promotion was almost entirely on spot tv; the agri-chemicals were on outdoor boards. For Dow brands, network tv spending was 67% of the total—$22.5 million—while Texize network tv spending was 85% of its total, or $20.8 million. Dow brand spot tv spending was 16% of its total, or $5.35 million; Texize was 9%, or $2.3 million.

For the company as a whole, the big dollar volume increases came in spot tv, up 272%, to $10.7 million; in network tv, up 144%, to $48.6 million, and magazine spending, up 78% to $10.7 million.

During 1985, Dow entered a joint venture in the biological sciences with a Korean company, but bowed out of a joint venture with Martin-Marietta Corp., Bethesda, Md., to market oil additives, ice-removal materials and other products.

The company has been involved in litigation, including the Agent Orange class-action suit, suits alleging that Bendectin antinauseant causes birth defects, and allegations that DBCP, a pesticide ingredient, causes a variety of ailments. No judgments have been brought against Dow in these cases.

Dow builds from within

Dow Chemical, despite its worldwide sales (50% of the total) that match its global vision, has grown from the inside out since it set up shop 89 years ago at the brine pits near Midland, Mich. Officers of Dow have been with the company an average of more than 34 years, investing a large portion of their assets in the company's common stock. All Dow senior execs have been selected from within.

AT&T
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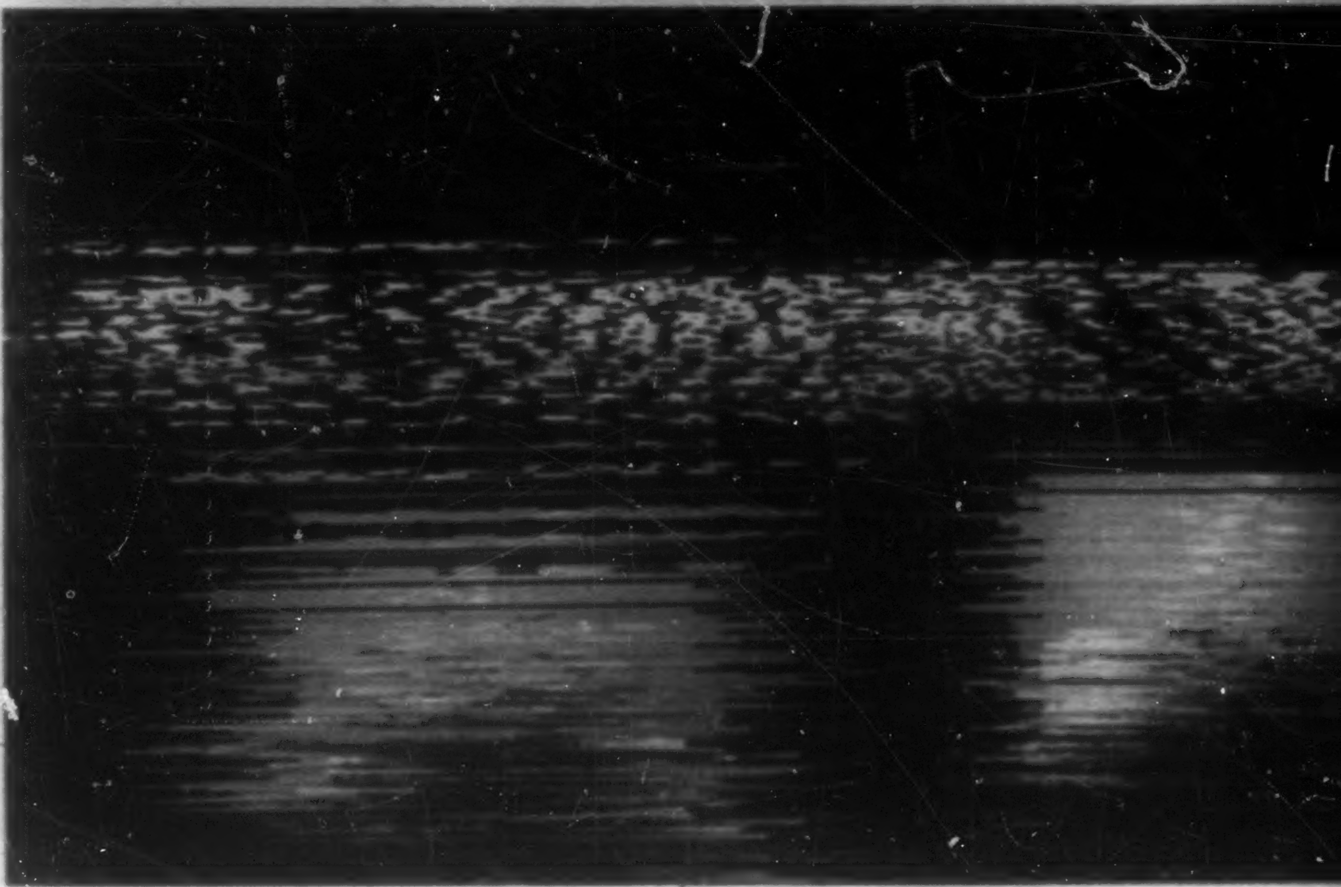

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ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$10,739	$7,891
Newspaper	670	2,058
Newsp. supp.	139	1,230
Bus. pubs.	3,301	3,514
Network tv	48,616	45,216
Spot tv	10,712	5,867
Network radio	1,677	104
Spot radio	364	891
Outdoor	70	12
Network cable	941	177
Farm pubs.	1,844	2,237
(Continued)	1985	1984
Total measured	79,272	69,217
Unmeasured	25,728	22,465
Total	105,000	91,682

THE DOW CHEMICAL COMPANY
2030 Willard H. Dow Center
Midland, Mich 48674
(517) 636-1000

Corporate Personnel

Paul F. Oreffice president-ceo
Keith R. McKennon, group vp

Advertising Agency

D'Arcy MacManus Benton & Bowles, Bloomfield Hills, Mich.—Corporate Program—Mike Hogan, acct super.

DOW CHEMICAL USA

Corporate Personnel

Hunter W. Henry, president
William S. Stavropoulos, commercial vp-Basics
Enrique J. Sosa, commercial vp-Industrial Specialties & Services
Thomas K. Smith, vp-govt & public affairs
Robert C. Spears, mgr-communications & mktg communications
Richard K. Long, mgr-corporate communications

AGRICULTURAL PRODUCTS

Marketing Personnel

Gary G. Jones, mgr, mktg resources
Jan R. Larson, mgr, mktg communications

Advertising Agencies

Bader Rutter, Milwaukee, Wisconsin—Miller Hogan, acct super.

Creswell, Munsell, Fultz & Zirbel, Cedar Rapids, Iowa—F.C. Baker, vp acct super.

Vitt Media, New York, New York—F. Richard Olsen, vice chmn.

BASIC CHEMICALS & METALS

Marketing Personnel

Brian H. McIntosh, mgr, mktg communications

Advertising Agency

Sefton Associates, Grand Rapids, Michigan—Gary Petertyl, sr vp.

CONSUMER PRODUCTS INC.
Indianapolis

Marketing Personnel

Edward H. Kiernan, dir-mktg services
Debbie Burns, mgr-adv services

Advertising Agencies

Della Femina, Travisano & Partners, New York—Ed Tecleschi, group dir; David Sparks, Phil Juliano, mgmt supers.

Henderson Advertising, Greenville, S.C.—Jim Bradhorst, vp, acct super.

INDUSTRIAL SPECIALTIES

Marketing Personnel

Advertising Agencies

Alexander Marketing Services, Grand Rapids, Mich.—Richard Hill, vp acct super; Robert Milroy, vp acct group super; Christopher Beaudoin, acct mgr.

AMPM Inc., Midland Mich., Support Agency—Ralph Sitter, acct exec.

Jayme Organization, Cleveland—Lawrence Kavanaugh, exec vp; Mike Romans, vp, acct mgr.

Misamore Advertising, Grand Rapids, Mich.—Robert Cook, vp.

Rives, Smith, Baldwin, Carlberg & Y&R, Houston, Tex.—Leo Sullivan, sr vp.

Scott & Miller, Saginaw, Mich., Support Agency—Tom Leinberger, president.

Sefton Associates, Grand Rapids, Mich.—Gary Petertyl, sr vp.

MERRELL DOW PHARMACEUTICALS U.S.
Cincinnati

Marketing Personnel

John D. Dishaw, vp-mktg

Advertising Agencies

Healthmark Communications, New York—Michael Nassoff, acct exec.

Medicus Intercon (Division of Benton & Bowles), New York—Jennifer Greenblatt, acct super.

Shaller, Rubin & Winer Inc., New York—Mel Rubin, president; Ben Garrett, acct exec.

PLASTICS GROUP SERVICES

Marketing Personnel

Michael G. Caparon, mgr, mktg communications, plastics group
Richard J. Proskow, prod communications mgr, engineering thermoplastics
Wanda J. Herndon, prod communications mgr, specialty plastics

Advertising Agency

HCM Special Markets Group, Chicago—Marcia Waite, Daniel Leski, acct supers; Robert Volkman, Robert Reilley, acct execs.

E.I. Du Pont de Nemours & Co.

RANK **75**

Wilmington, Del.

($ in millions)

Worldwide	1985	1984	% chg
Sales	29,483	30,559	(3.5)
Net income	1,118	1,431	(21.9)
U.S.	**1985**	**1984**	**% chg**
Sales	20,301	21,395	(5.1)
Operating profits	3,959	4,366	(9.3)
Advertising	112	106	5.8
Division sales	**1985**	**1984**	**% chg**
Biomedical prods	1,016	1,025	(0.9)
Industrial prods	2,780	2,831	(1.8)
Fibers	4,443	4,620	(3.8)
Polymer products	3,379	3,641	(7.2)
Agri. ind chems	3,388	3,704	(8.5)
Petro. explor.	3,495	3,986	(12.3)
Petro. refining	9,461	9,180	3.1
Coal	1,517	1,572	(3.5)

Du Pont, seeking to outgrow its traditional definition as a chemical company, capitalized on its strengths in chemical sciences and engineering to generate new business in 1985. At the same time, it took measures to improve productivity, while withdrawing from some of its marginal energy-related businesses.

With 1985 sales and earnings declining, Du Pont increased measured advertising only 5.8%—the major beneficiary being magazine advertising, which increased 17% to $32.1 million.

In 1985, only one of Du Pont's eight operating segments—Petroleum Refining, Marketing and Transportation—had increases in both sales and after-tax operating income. Sales rose 3% to $9.5 billion, and after-tax operating income hit $262 million, up from $78 million in 1984. The only other

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TIME
MELTDOWN

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division showing growth in operating income was Biomedical Products, up 1.5% to $69 million. Petroleum Exploration showed the biggest sales decline, down 12.3% to $3.4 billion. Its after-tax operating income fared even worse, down 18.4% to $310 million.

In reaching out for new opportunities, Du Pont entered into a second joint venture with N.V. Philips of the Netherlands to merge optical disc operations to compete in the worldwide audio disc, video and data storage markets. Du Pont reports a sales objective of $1 billion by the early 1990s in these markets.

Du Pont also purchased a substantial minority position in Heamonetics, a leading supplier of automatic blood processing machines and consumables, and in July, 1986, reached an agreement to purchase for $425 million the American Critical Care unit of Baxter Travenol Laboratories, a manufacturer and distributor of critical care and cardiovascular drugs for use in hospital emergency and surgery departments. Du Pont, as a result of the purchase, enters the top 15 pharmaceutical companies selling to hospitals in the U.S.

Du Pont established a Corporate Automotive Development Center near Detroit to allow it to work more closely with its Motor City customers on evolving technology. In addition, the company used radio and tv time to tout the merits of its thermoplastic auto-body parts over traditional steel parts. Du Pont executives expect the automotive plastics industry to grow to $10 billion in sales by the end of the century.

In the current year, Du Pont has acquired Shell Oil Co.'s U.S. agricultural chemical business, which should bring sales of Du Pont's crop protection line to an estimated $700 million.

Du Pont's fibers once again accounted for the largest part of its $56.1 million in 1985 ad spending as measured by Leading National Advertisers. Spending on Antron carpet fibers declined by 62.3% to $1.2 million, while Antron fibers for wearing apparel drew $5.9 million, up 16.8%.

Spending on Du Pont apparel fibers increased 68.9% to $3.4 million. These fibers are used in clothing, bathing suits and pantyhose bearing names like Albert Nipon, Jantzen, Ocean Pacific and No Nonsense. Spending on Du Pont Dacron declined by 39% to about $2 million, all in magazines and newspaper supplements. Lycra fibers had $3.2 million in measured advertising, off 6.9%, while nylon fibers advertising increased by 60% to $3.7 million.

Of the $6.9 million of measured spending promoting products made with Silverstone coatings—down 20.5% from 1984 levels—$4.5 million was spent on network tv, and spending on Teflon coatings remained relatively stable at $4.6 million, off only 0.8% from 1984. Advertising also declined for Zepel stain repellent by 42% to $685,300.

Du Pont continued its strong corporate advertising effort, with $8.2 million divided among magazines, tv, cable and outdoor. This total represents a 10.9% decline from 1984 levels. Some of Du Pont's $247,900 measured advertising on cable was devoted to its partial underwriting of coverage of the House of Representatives on C-SPAN (Cable Satellite Public Affairs Network).

Du Pont also negotiated an agreement with Seagram Co. Ltd. this March to limit Seagram ownership of Du Pont to 25% to the end of the century, and allowing Seagram to hold a quarter of the seats on the board of directors. Seagram became a part owner of Du Pont when it sought to buy Conoco Inc. in 1981. Du Pont was the eventual winner, but Seagram's $3 billion stake in Conoco became 22.5% ownership of Du Pont when converted.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$32,061	$27,430
Newspaper	973	752
Newsp. supp.	3,238	3,176
Bus. pubs.	11,179	11,890
Network tv	16,892	17,105
Spot tv	3,307	5,465
Network radio	0	818
Spot radio	1,895	1,301
Outdoor	9	8
Network cable	616	152
Farm pubs.	6,236	4,052
Total measured	76,406	71,238
Unmeasured	35,778	34,827
Total	112,184	106,083

E.I. du PONT DE NEMOURS & CO.
1007 Market St.
Wilmington, Del. 19898
(302) 774-2424

Corporate Personnel

J.R. Malloy, sr vp-external affairs
R.E. Williams, managing dir, external affairs
C.L. Perry, managing dir, external affairs
H.E. Davis, communications dir-auto prod, polymer prod, chemicals & pigments, petrochemicals
J.M. Murray II, communications dir-biomedical prod, photosystems, electronic prod
R.W. Nightingale Jr., communications dir-textile fibers, intl
L.C. Tashjian Jr., communications dir-agricultural prod, fabricated prod

Advertising Agencies

N W Ayer, New York—fabricated prod, polymer prod, photosystems & electronic prod, chemicals & pigments, petrochemicals, textile fibers' industrial & spunbonded prod—George H. Eversman, exec acct dir.

Barnum Communications, New York—pharmaceutical prod, diagnostic & bioresearch, medical X-ray prod—Ella Shapiro, vp-acct super.

BBDO, New York—textile fibers' apparel, carpet fibers, home furnishings, fiberfill prod, corp ad programs—Bernard Gross, sr vp-mgmt super; Joseph Crowley, sr vp-mgmt super; Bill Reinhard, Margaret Evans, vp-acct supers.

Ketchum Communications, Philadelphia—connector systems & electronic specialties, biomedical prod—Scott Franks, sr vp.

Reese, Tomases & Ellick, Wilmington, Del.—staff depts, special projects, Hotel du Pont, employe relations—Alan B. Poland, sr vp.

Rumrill-Hoyt, Rochester, N.Y.—agricultural chemicals, Remington arms, chemicals & pigments, petrochemicals, fabrics & finishes—Keith Karlin, vp-group mgmt; Gale Johnson, vp-pr dir; Nick Orloff, sr vp-creative dir.

Eastern Air Lines

Rank **91**

Miami

($ in millions)

Worldwide	1985	1984	% chg
Sales	4,815	4,364	10.3
Net income	6	(38)	(115.8)
U.S. advertising	90	78	14.7

Division sales	1985	1984	% chg
Passenger	4,304	3,875	11.0
Cargo	291	209	39.2
Other	220	166	32.5

The troubles at Eastern Air Lines will not vanish overnight when it is acquired in the last quarter of 1986 for $600 million by Texas Air Corp. But analysts say if any company is capable of turning Eastern around, it is Houston-based Texas Air.

Eastern reported $106.5 million labeled advertising and promotion expenses in its budget, up 18.2% from 1984. That figure is pared down to $89.7 million, down 14.7% in actual media and advertising and promotion expenditures free of overhead charges against advertising.

The increase was primarily because of additional price-oriented advertising in cutthroat fare wars through the final six months of 1985. Another factor was increased spending from initiation of a Miami-to-London route in July, 1985, which Eastern dropped as a cost-cutting move one year later.

Newspaper spending was Eastern's largest measured expense, accounting for $24.8 million in 1985, up 33%. Eastern also spent a measured $21.6 million on passenger advertising, divided 71% network tv, 20% magazine, 6% out-of-home and 3% other media.

The U.S. Department of Transportation set an Aug. 31 deadline for approval of Texas Air's Feb. 24 bid to acquire Eastern. President Reagan has 60 days to approve or reject the action. However, final approval is expected by early October, according to Joseph Leonard, who was appointed Eastern's president-chief operating officer Sept. 24, 1985.

Texas Air removed a stumbling block to the Eastern takeover in May, 1986, by selling landing slots and gates that would allow New York-based Pan American World Airways to begin providing air shuttle service Oct. 1 between New York-Boston and New York-Washington. New York Air, a unit of Texas Air, and Eastern currently are sole competitors in these markets, but New York Air will phase out operations 18 months after Pan Am starts, a Texas Air spokesman says. Pan Am says it paid $65 million for 46 landing slots in New York and 18 in Washington and for two airport gates in New York and one in Boston.

The U.S. Department of Justice in May dropped antitrust objections to Texas Air's bid for Eastern, clearing the way for final review by the DOT.

The Texas Air acquisition would be good for Eastern, says Candace Browning, airlines analyst with Oppenheimer & Co., New York. Eastern, which would become a wholly owned subsidiary, has had difficulty in recent years gaining long-term reductions in labor costs from its 41,000 employes, 23,000 of whom are unionized. Eastern's labor costs are among the highest in the industry.

Frank Borman, Eastern's former chairman who resigned effective June 30, 1986, to become vice-chairman and a director of Texas Air, has said Eastern's failure to reach a two-tiered wage agreement with its 12,000-member machinists union was the reason Eastern's board accepted Texas Air's acquisition offer. In May, 1986, Eastern sued the machinists union in an effort to reopen contract negotiations. Mr. Borman said Eastern had gained meaningful labor cost reductions in early 1986 with its 4,300-member pilots association and 7,000-member transport workers union.

Eastern also is saddled with a debt of $2.5 billion, mostly the result of an aggressive fleet modernization program in the early 1980s. The debt costs Eastern about $250 million in interest payments each year and has pushed the carrier repeatedly to the brink of default.

"Texas Air has a very strong-willed management. I think they can turn Eastern around. They sure did the job with Continental," Ms. Browning says. If Texas Air has difficulty gaining labor concessions, it can always transfer Eastern's assets to New York Air or Continental, both of which already are low-cost carriers, she says.

But Texas Air will have its work cut out for it, predicts Louis Marckesano, senior vp-transportation analyst at Janney Montgomery Scott, Philadelphia. "There will be an internal battle with [Texas Air chairman Frank] Lorenzo flexing his muscles in one direction and the machinists union flexing theirs in the other," he says. "For a while there will be a lot of posturing."

Labor concessions would help Eastern's bottom line. The carrier reported a $154.7 million net loss for the first six months of 1986, compared with net income of $49.8 million for the same period in 1985. Revenues slipped to $2.25 billion for the period in 1986 from $2.5 billion in 1985.

In June, Eastern disclosed to the Securities & Exchange Commission that it expects a loss in 1986 of about $57.6 million on revenues of about $4.88

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See page 129

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- Winner of more than 600 state, regional and national awards, the *Evening Independent* is proud of circulation gains that reflect how their new look and personal approach to news has captivated readers who enjoy an afternoon paper.
- Award-winning business publication *Florida Trend*, and newly successful *Georgia Trend* will welcome yet another magazine this fall. *Arizona Trend* will begin publication in Septmeber, 1986.
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billion, which indicates it will have an over-all profit for the remainder of the year.

Eastern also is cutting back on service and redeploying its resources to improve profitability, says Richard Blake, vp-marketing, planning and research. In addition to dropping Miami-London service, Eastern is eliminating 12 of 53 daily flights at its Charlotte, N.C., hub beginning Oct. 1, and plans to sell some aircraft freed by the cuts. The airline also boosted nonstop service between New York and Greenville and Charleston, S.C., and Savannah and Atlanta, Ga.

Mr. Blake says, in some cases, the moves are continuations of marketing programs begun in recent years, such as Eastern's ambitious expansion of its Kansas City, Mo., hub. Since startup of hub operations in December, 1983, Kansas City has grown to be the third largest in the airline's system, generating important east-west traffic, which balances the carrier's traditional north-south route system, he says.

In 1985, Eastern increased to 53 the number of daily flights to Kansas City, adding service to Chicago and Tulsa, Okla. In November, 1985, Air Midwest began feeding into Eastern's Kansas City route system, adding three Midwest cities with the projected addition of 18 cities in 1986. Eastern also established feeder relationships with Bar Harbor and Precision Airlines in the northeast U.S., feeding New York and Boston airports. Eastern Express service was introduced in San Juan, P.R., interconnecting islands from Eastern's Caribbean hub.

Eastern lured vacation travelers in the winter of 1985 with five all-inclusive packages to Florida and 17 packages to Caribbean destinations. Included in the airline's packages were airfare, hotel, rental cars and other features.

Mr. Blake also points to Eastern's successful Moonlight Special flights, a nighttime freight-hauling service that also offers low-cost passenger fares at almost 100% profit. The service, a joint venture with CF Airfreight, a Palo Alto, Cal.-based subsidiary of Consolidated Freightways, was inaugurated April 1, 1985, and expanded to 17 cities by yearend. The service helped Eastern boost cargo revenues in 1985 to $291 million, up 39%.

Eastern also is making a push to sell its System One Direct Access travel agency automation program. SODA was launched in 1981 with three participating airlines.

By 1985, it offered 21 direct access participants, serving nearly 5,000 travel agencies and commercial accounts. SODA is critically important to Eastern. Some 67% of the airline's 1985 business was booked by travel agents, the company reports.

Perhaps the most unhappy consequence of the Eastern acquisition is that the carrier no longer will be an independent force in the industry, says Mr. Marchesano of Janney Montgomery. "I would expect eventually for Eastern to lose its identity."

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$4,399	$3,955
Newspaper	24,878	18,654
Newsp. supp.	31	50
Bus. pubs.	245	232
Network tv	350	2,860
Spot tv	15,420	15,879
Spot radio	14,964	5,708
Outdoor	1,321	2,071
Network cable	148	1,395
Total measured	61,706	51,810
Unmeasured	28,000	24,420
Total	89,706	76,230

EASTERN AIR LINES
Miami International Airport
Miami, Fla. 33148
(305) 873-2211
Marketing Personnel
John Nelson, sr vp-mktg
G.J. Brennan, vp-passenger sales
Paul C. Auger, vp-mktg programs
W.H. Bowse, vp-adv
R.F. Blake, vp-mktg, planning & rsch
Herbert C. Ross, mgr-vacation adv
R.A. deCespedes, mgr-intl adv
Jennifer D. Montague, mgr-business adv
R.A. Wolf, mgr-adv services
Robert J. Bauer, mgr-sales promo
Advertising Agency

Campbell-Ewald, Warren, Mich.—Joseph V. Carle Jr., group sr vp-mgmt super; Robert F. Henry, Michael Rogers, sr vps-assoc mgmt supers; Dale McAfee, Teri Siegel, Mark Solomon, vps-acct supers; John Brinck, acct super.

Campbell-Ewald, Miami-Latin America—Gunther Saupe, sr vp-mgmt super; James Power, vp-acct super; Maruja Rogers, vp-acct super.

RANK **35**

Eastman Kodak Co.

Rochester, N.Y.

($ in millions)

Worldwide	1985	1984	% chg
Sales	10,631	10,600	0.3
Net income	332	923	(64.0)

U.S.	1985	1984	% chg
Sales	7,302	7,414	(1.5)
Operating profits	301	1,547	(80.5)
Advertising	247	335	(26.3)

Division sales	1985	1984	% chg
Imaging	8,531	8,382	1.8
Chemicals	2,348	2,464	(4.7)

Eastman Kodak Co. fell prey to judicial rulings, pricing pressures and a strong U.S. dollar among a list of adversities in 1985, and 1986 is not much better.

The company is responding by paring its work force and advertising budget and launching a number of new products, including a 35mm camera that brings Kodak back to that market after a 16-year hiatus.

At least on the financial ledgers, the climate has not changed. Kodak in the first half of 1986 reports earnings of $36.4 million, down from $279.5 million in the year-earlier period, on sales of $5.04 billion, up 10%. The earnings reduction, Kodak says, was because of special charges related to work force reductions, inventory writedowns and writeoffs, and the purchase and redemption of bond issues.

Earnings in 1985 particularly were hurt by a court ruling that barred Kodak from manufacturing and selling instant photographic equipment. The ruling culminated a nine-year patent suit filed against Kodak by Polaroid Corp. Kodak had sold more than 16 million such cameras. Kodak was ordered to pay $494 million in damages.

In February, 1986, Kodak began massive layoffs aimed at reducing its work force by 12,900 by the end of the year. A few days later Kodak dropped McCann-Erickson Worldwide from its agency roster, consolidating the work with J. Walter Thompson USA and Young & Rubicam.

The company also reordered its corporate structure this June with the creation of an office of the chief executive, consisting of Colby H. Chandler, chairman and ceo; Kay R. Whitmore, president and now also executive officer, and J. Phillip Samper, vice-chairman and now executive officer. The three share responsibility for Kodak's five principal business groups and their support units.

Mr. Whitmore will oversee three business groups: Diversified Technologies, Eastman Chemicals Division and Life Sciences Division. Mr. Samper's portfolio includes two business groups: Commercial and Information Systems and Photographic Products, previously the Photographic and Information Management Division.

Kodak, despite adverse economic and marketing conditions, is keeping up a steady march of new products to market. Charles Ryan, vp, fundamental research/consumer durables at Merrill Lynch & Co., counted 50 new products from Kodak in the past year, adding that Kodak can reverse Japanese gains in film and electronics as the dollar weakens against the yen. "Currency is most important since it opens the door for competition in cameras," he says. Kodak recorded 36% of its sales outside the U.S. in 1985.

The bulk of Kodak's sales for the year—$8.5 billion, up 2% for the year—came from the Photographic and Information Management Division. Only weeks after being knocked out of the instant camera market, Kodak introduced the VR-35 line of 35mm cameras. The company planned to sell a million of them in the first year. Chinon Industries of Japan manufactures the units.

Advertising, begun during the Academy Awards program, bearing an "Aim and shoot it" jingle, was directed at a younger audience than the traditional Kodak target. The line consists of five cameras, with the top one, the Medalist, sold only in camera stores. Others are the K10, K12, K40 and K60 models.

The division also rolled out three new films, the VR-G 100, VR-G 200 and VR-G 400. They were shipped this April. Advertising via JWT touts sharper, brighter, "heavily saturated" color.

The VR-G offerings should stimulate ad support for film in 1986. Measured spending on film in 1985 dropped to $27.1 million from $31.7 million, although spending for film processing rose from only $191,000 to $7.1 million, according to Leading National Advertisers, which reports seven media figures. Kodak holds about 80% of the U.S. film market, while Fuji Photo Film USA has a 10% to 12% share, according to Eugene Glazer, analyst with Dean Witter Reynolds, New York. Agfa-Gevaert, 3M and Konishi Roku are other competitors.

The division also bolstered its disc camera line, which has sold 20 million units, with two new models—the Kodak tele disc, which has a telephoto lens, and the disc 3600, a more economical point-and-shoot model. Telly Savalas pushed the entries in print ads designed by JWT. Ad spending on disc cameras declined from $25 million to $13.9 million. Mr. Ryan of Merrill Lynch says competitive pricing on 35mm cameras erodes the growth of the disc market.

The year marked the first full year of sales of half-inch videotape and 8mm video equipment, the latter being part of the Modular Video System, which includes cameras, 8mm cassette tapes, two 8mm recorders and two tuner/timers. Videocassette tape spending slipped from $7.5 million to $2.9 million.

Known for its small, light format, 8mm is facing stiff competition from JVC Corp.'s vhs format camcorder, which like 8mm weighs in at 2.5 lbs. In 8mm "Kodak will be one of three or four big names," Mr. Ryan predicts.

For commercial and information systems, Kodak introduced its Kodak Ektaprint electronic publishing system (KEEPS) and the Kodak image management system (KIMS) for document storage and distribution. Spending for copiers slipped from $3.4 million to $2.8 million.

In diversified technologies, Kodak brought out a new family of disks and disc drives from Verbatim, acquired in May, 1985, for $175 million. First-year ad support for Verbatim flexible discs was $935,000.

This May Kodak introduced a line of batteries, including the traditional alkaline batteries and a nine-volt lithium cell unit that is said to last twice as long as conventional alkaline ones. Mr. Glazer called this introduction "the major event related to marketing."

Brand recognition from the Kodak logo on the batteries will keep down rollout costs, Mr. Glazer says. He estimates the size of the U.S. battery market at $2.5 billion, led by Ralston Purina's Eveready and Dart & Kraft's Duracell.

Kodak's aim could be for a 15% to 20% market share, he adds. Duracell was backed by $25.4 million in measured spending in 1985, and Eveready (then part of Union Carbide) received $27.6 million, according to LNA measured spending.

Mr. Forte indicated that Kodak would mount a major ad push via JWT for the batteries in the fourth quarter, as well as a Christmas campaign for cameras from Y&R.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazines	$14,757	$19,144
Newspaper	3,823	4,523
Newsp. supp.	692	1,264
Bus. pubs.	4,060	4,576
Network tv	44,323	65,707
Spot tv	7,895	9,228
Network radio	636	956
Spot radio	1,321	1,729
Outdoor	410	1,227
Network cable	1,802	583
Farm pubs	322	23
Total measured	82,244	109,133
Unmeasured	165,286	219,933
Total	247,530	329,066

EASTMAN KODAK CO.
343 State St.
Rochester, N.Y. 14650
(716) 724-4000
Corporate Personnel
Colby H. Chandler, chmn-ceo
Kay R. Whitmore, president-exec officer
J. Phillip Samper, vice chmn-exec officer

MANUFACTURING
Corporate Personnel
William F. Fowble, sr vp-genl mgr, worldwide mfg
Frank D. Zaffino, vp-genl mgr, Kodak Apparatus div
Ronald L. Hindle, vp-genl mgr, Rochester Sensitized Prods Mfg
Gordon C. Brisbaw, vp-genl mgr, Sensitized Components Mfg
R. Frederick Porter, vp-genl mgr, Mfg Resources div
Vernon A. Dyke, mgr, Kodak Colorado div

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Providence Journal-Bulletin

Represented Nationally By Cresmer, Woodward, O'Mara & Ormsbee.
Source: Providence Area Continuing Market Study – 1985.

COMMERCIAL AND INFORMATION SYSTEMS

Corporate Personnel

Lawrence J. Matteson, group vp-genl mgr
Edgar J. Greco, vp-genl mgr, business imaging systems div
Charles L. Trowbridge, vp-genl mgr, copy prods div
John R. Robertson, vp-genl mgr, government systems div
C. Harold Gaffin, vp-genl mgr, graphics imaging systems div
William E. Sherman, vp-genl mgr, mktg, graphics imaging systems div

DIVERSIFIED TECHNOLOGIES

Corporate Personnel

Frank P. Strong Jr., group vp-genl mgr
Robert T. Hamilton, vp-genl mgr, clinical prods div & health sciences div
John R. Zeman, vp-genl mgr, mktg, health sciences div
Peter Giles, vp, genl mgr, mass memory div

PHOTOGRAPHIC PRODUCTS

Corporate Personnel

Wilbur Prezzano, group vp-genl mgr
Peter Palermo, vp-genl mgr, consumer prods div
John J. Powers, vp-genl mgr, mktg, consumer prods div
William F. McCarrick, vp-genl mgr, Kodak Processing Labs
William A. Koch, vp-genl mgr, motion picture & av products div
Robert L. Smith, vp-genl mgr, photofinishing systems div
Raymond H. DeMoulin, vp-genl mgr, professional photography div
Robert C. Sharp, vp-genl mgr, U.S. sales div
Thomas E. McGrath Jr., genl mgr-vp, sales
James P. Mosley, president, Ultra Technologies

CUSTOMER & MARKETING SUPPORT OPERATIONS

Corporate Personnel

Cornelius Murphy, sr vp-genl mgr
Robert G. VanDuyne, vp-dir, mktg services
Edward V. Ince, vp-genl mgr, customer equipment services
Robert H. Cruulich, vp-genl mgr, distribution

MARKETING COMMUNICATIONS

Marketing Personnel

Michael J. Forte, vp-dir

INTERNATIONAL

Corporate Personnel

John E. Riggs, vp-genl mgr, Asian, African, Australasian region
W. Richard Haines, vp-genl mgr, European region
Albert L. Sieg, vp-genl mgr, Japanese region
Verlie L. Rasmussen, vp-genl mgr, Latin American region

Advertising Agencies

Rumrill-Hoyt, Rochester, N.Y.—print trade, audiovisuals, some business, scientific & industrial—J.M. Valenti, president-ceo; Richard Thomson, president-coo; Donald Weber, dir-client services; D. Fisher, sr vp-group mgr; Vicki Lewis, vp-assoc group mgr; Robert Davison, vp-acct super; Ralph Simolo, vp-acct super; Mark Redfield, Cheryl Schifino, Marlene Morgan, acct execs.

J. Walter Thompson USA, New York—amateur film, some business, industrial & technical, photofinishing, Ultratech batteries—Jerrold Gottlieb, sr vp-worldwide client service dir; Bonnie Webster, sr vp-acct dir, consumer photo prods; Mitchell Brooks, vp-sr acct super, film, photofinishing; Howard Hyder, vp-sr acct super, C&I; Ernest Emerling, vp-intl client service dir; Susan Mosely, sr acct rep, intl; Warren Mi-Tch, vp-acct super, film; Richard O'Leary, acct super, photofinishing; Cynthia Kincaid, acct super, Health Sciences; Sandra Meyers, acct rep, photofinishing; Jacqueline Griffin, acct rep, film; Anna Sanco, staff dir, Ultratech; Gerald Spake, sr vp-mgmt dir, Ultratech; Harold Rose, sr vp-acct dir, Ultratech; Ivy Welpin, acct super, Ultratech; David Rainer, acct rep, Ultratech.

Young & Rubicam, New York—disc, 35 mm cameras, consumer electronics—Mitchell Kurz, worldwide acct dir; Sandy Korda, dir-mktg group; Mark Levine, associate dir, mktg group; Marcia Wasser, acct super, cameras & consumer electronics; Claudia Ewers, acct exec, camera; Terrence O'Connor, mgmt super, consumer electronics; James Bogin, acct super, consumer electronics; David May, acct exec, consumer electronics.

Young & Rubicam, Toronto—Canadian photographic & electronics prods—Peter Finlayson, group acct dir; Richard Adams, acct dir; Jonathan Cronin, Stuart Baker, acct execs; Bruce Grondin, media mgr; Garth Hardie, group media dir.

EASTMAN CHEMICAL PRODUCTS

Corporate Personnel

R.W. Bourne Jr., president

Marketing Personnel

G.O. Trabue, sr vp-mktg, Eastman chemical prods
W.L. Terrill, sr vp-mktg, Eastman chemical prods
J.L. Davison, mktg dir, textile fibers
J.C. VanAudenhove, mktg dir-fiber prods
C.B. Fox, mktg dir-new prods div
B.E. Moore, mktg dir, intl
W.T. Amberagi Jr., dir-chemicals field mktg
F.F. Schrum Jr., dir-plastics field mktg div
A. LaManna, dir-adv
J.F. Horne, mgr-promo
K.P. Lawless, mgr-fibers adv
V.Y. Resig, mgr-chemicals adv
J.W. Jones, mgr-plastics adv
H.E. Kerbel, mgr-adv services

Advertising Agency

Leber Katz Partners, New York—all prod worldwide—[illegible], sr exec vp; Sam [illegible], [illegible], exec vps; Randie Goldstein, acct exec.

Kodak and its android machine

Kodak is banking on its just released Ektaprint 300 duplicator and Ektaprint 235 copier-duplicator to build its share in the high-volume end of the $25 billion copier business. The 235 can make 50 copies of 10 pages, shift margins on those pages, erase notes in the margin, copy on both sides and bind the pages in less than two minutes, without any human aggravation—more versatile, but not as fast as Xerox. Price is $75,000.

Ford Motor Co.
Dearborn, Mich.
RANK 7

($ in millions)

Worldwide	1985	1984	% chg
Sales	52,774	52,366	0.8
Net income	2,515	2,907	(13.5)

U.S.	1985	1984	% chg
Sales	43,526	36,798	18.3
Operating profits	3,630	4,280	(15.2)
Advertising	615	522	17.8

Ford Motor Co., the No. 2 domestic auto maker behind General Motors Corp., continued to diversify, reaching into the financial services, farm machinery and artificial intelligence markets for acquisitions. It also backed the launch of its Ford Taurus and Mercury Sable with its biggest introductory ad budget.

Ford closed the year with an 18.9% share of the total U.S. car market, down slightly from 19.2% in 1984. That was mainly because of production losses from new product changeovers and increased availability of Japanese products. Ford's 12.1% market share in Europe also was down slightly from 13% in 1984 because of increased competitive pressures.

Ford U.S. car sales were up 4.6% in 1985 to 2.07 million units, Ford's highest level in six years. The company's U.S. truck sales were up 9%, reaching 1.27 million units. That represents the highest sales level in seven years and the second-highest volume year in Ford history. The truck share was 26.8%, down from 28% in 1984 because of the delayed introduction of the Aerostar minivan. Fourth-quarter shares rose to 27.5%, when Aerostar was launched.

The new-for-1986 Ford Taurus and Mercury Sable, introduced Dec. 26, 1985, had unit sales of 4,056 and 2,430, respectively, for the last six days of the year and boomed in early

For the fourth consecutive year,
was the industry's highest-vo
small car with sales of 420,69
18.9% from 1984. The largest
sales increase came from the L
Town Car, up 29.4% to 117,606
sold in 1985. But sales of the Ma
suffered, dropping 32.7% to
units.

Over-all, Ford division repo
unit sales increase of 6.6% to 1,3
units; Mercury division sales
down 1.6% to 519,059; Lincoln
were up 9.02% to 165,138 units.

Ford, which increased its me
media advertising 17.4% to $
million, signed a multiyear d
April, 1985, with ABC sports for
sorship of "Monday Night Foo
breaking the domestic-auto-excl
hold that GM's Chevrolet divis
held for years. Under the
Chevrolet remained a sponso
Ford and import Nissan spon
games on alternate Mondays.

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also signed as a major sponsor of Major League Baseball coverage on NBC-TV.

Network tv rose 16.5% to $191.4 million, although spot tv dropped 6% to $37.1 million, according to Leading National Advertisers. Magazine spending came in at $114.7 million, up 18.1%.

Ford continued the diversification strategy begun in 1984, although it lost to GM a bid for Hughes Aircraft Co., El Segundo, Cal. In August, Ford spent $493 million to acquire First Nationwide Financial Corp., San Francisco, the ninth largest savings & loan association in the U.S. That company, with assets of $10.7 billion, was merged with Ford Credit. In October, Ford acquired Sperry New Holland, the world's largest manufacturer of specialized farm equipment, from Sperry Corp., New York, paying $330 million and assuming $110 million in liabilities. A month later, Ford purchased a 10% interest in both Carnegie Group, Pittsburgh, and Inference Corp., Los Angeles, two specialists in artificial intelligence software.

Last year marked another year of finance incentive wars that led to some of the lowest-ever annual percentage rates in the auto industry. Spurred by a softening economy and increased competition from the imports, Ford started the fray by offering 8.8% financing on full-size pickup trucks. Ford and its competitors have countered and recountered to the point where Ford now is offering 5.9% financing.

Ads for Ford's new-for-1986 Aerostar minivan, targeted at affluent, younger families, broke in September on network tv and radio and in newsweeklies, with print drawing comparisons between Ford and Chrysler products. Ford's strategy also involved direct mail to 600,000 owners of Chrysler minivans. Ford would not disclose total ad spending for the minivan, but said it was the most ever for a truck introduction. LNA showed spending of $20.6 million during 1985 for Aerostar.

Ford spent $3 billion to develop and build Ford Taurus and Mercury Sable, its new front-wheel-drive, intermediate sedans that replaced the rear-drive LTD/Marquis series. In December, Ford broke a yearlong $100 million ad blitz for the two cars, its biggest-ever marketing launch.

The vehicles targeted separate audiences. Ford division aimed at a more middle-market group leaning toward domestic cars. Ford also contributed funds and creative help to its 67 dealer ad groups for the launch and more funds for introductory sales promotion and merchandising.

Mercury targeted "achievers," affluent, trend-conscious, well-educated buyers. With Taurus-Sable, Ford hoped to establish a larger presence in the intermediate car market before Japanese importers began to make the sort of inroads they made in the small-car segment.

In December, Ford began formulating new marketing approaches to ethnic groups and other target groups. L-M hired UniWorld Group, New York, to handle black and Hispanic campaigns previously handled by primary agency Young & Rubicam, Detroit. L-M also is looking at assigning a separate women-oriented agency.

Ford also made a major change overseas, picking Y&R to replace J. Walter Thompson Co. for its $30 million account in Germany where its market share has slipped from more than 15% in the 1970s to 10.7% by the end of 1985.

Soon afterward, Kenneth Whipple was named chairman at Ford of Europe, replacing Robert Lutz, who was appointed exec vp-truck operations. Mr. Lutz resigned that post in June, moving to Chrysler Motors as exec vp overseeing international, truck and component business operations.

Philip Benton Jr. was moved to exec vp of Ford International Automotive Operations, from vp-diversified products. Mr. Benton was succeeded by Edson Williams, from vp-truck operations. Separately, B.J. Coughlan was named vp-sales for Ford of Europe, from executive director-marketing staff for Ford in the U.S., succeeding Gordon MacKenzie, who retired Aug. 1. Succeeding Mr. Coughlan was James O'Connor, from vp-sales and marketing for Ford of Canada. L-M also named to ad manager, Sheldon Wardwell, formerly district sales manager of L-M's Memphis, Tenn., district, replacing Tom Ryan, who left the company.

In July, 1986, Ford and Kia Motors Corp., one of Korea's three major auto manufacturers, signed an agreement for Ford to acquire 10% of the company for $30 million. Ford will market a Kia-built minicar in the U.S. next spring, keeping Ford in the "captive import" business like GM and Chrysler. Ford also imports the Merkur XR4Ti.

Ford division in late 1985 started a regional marketing strategy, opening new marketing offices on the Pacific coast, in the Southwest and Northeast to work with dealers in developing special products for their area.

Ford expanded its California marketing program to include five states (California, Oregon, Washington, Arizona and Nevada) and reassigned L-M marketing plans manager Ben Lever III to marketing manager of the Pacific coast branch in San Jose.

The Southwest office in Dallas is headed by Steve Lyons, former truck marketing plans manager for Ford truck division.

Gery Frick, former assistant district sales manager in Memphis, became Northeast marketing manager in Teterboro, N.J.

Ford division's 1986 media spending is putting more emphasis on magazines, both general circulation and women's books, to reach more women. Aside from Taurus, its creative broke little new ground, continuing old themes.

L-M, Ford's upscale division, split 1986 advertising by brand. While most dealers offer all three—Lincoln, Mercury and imported Merkur—L-M separated them with umbrella campaigns for each brand starting in the fall.

The Merkur XR4Ti model was stressed as sporty to distinguish Merkur as a brand name before L-M brings over the $20,000-to-$25,000 Scorpio from Europe in spring of 1987 as the second Merkur.

L-M is considering a regional launch of Scorpio when it arrives, partly because of adjustments made in XR4Ti merchandising after the car had gone on sale nationally in January, 1985. That model was relaunched in September partly because dealers didn't have enough stock when L-M spent all its ad money early in the year. Also, the initial launch went much slower than anticipated.

L-M continued a thrust begun in 1985 to have a more distinct identity from its sister division. It emphasized more regional efforts, using dealer associations, and stepped up efforts to reach women, blacks and young persons.

Part of the strategy was to use popular recording artists in commercials to push the youthful image. Ford ran into hot water, however, with Bette Midler, whose sound-alike sang her hit tune, "Do You Wanna Dance?" for L-M's Sable.

Ms. Midler filed a $10 million lawsuit against Ford Motor Co. and L-M agency Y&R, contending that the Sable ad violates a California law barring unauthorized use of a celebrity's name, voice, autograph or likeness. The case is pending.

As part of a sweeping approach to reaching women car buyers, L-M made yearlong contractual buys in April, 1986, issues of *Ms.*, *Savvy* and *Working Woman*. The division's new plan included increased emphasis on sensitizing dealers to women buyers through training films and seminars at the national dealer show in August; a preapproved credit program via direct mail; a safe-car travel test program for infants, and efforts to provide women and other buyers with more information.

L-M presented this plan to 20 women's magazines in April, 1986, headed by Edsel Ford II, general marketing manager, who caused a stir the previous summer when he said he wasn't sure if he believed women's magazines effectively delivered women's car buyers or not.

The resulting complaints from women's magazines partly accounted for L-M reevaluating magazine buys.

In July, 1986, Ford introduced a souped-up version of its Ranger truck, dubbed the GT, in a limited production run for California. The introductory campaign focused on the small truck's high performance, describing it as "the first sports car that comes with a bed."

The Ranger GT, priced at less than $10,000, is aimed at young people who can't afford the sticker price or hefty insurance premiums associated with high-performance cars. If the vehicle sells well in California, Ford may market it nationally.

Future products in the works include: A Mazda-designed Mexican-built subcompact called Tracer at the rate of 100,000 annually, starting in 1987 and Mazda-designed sporty compact cars at Mazda's Flat Rock, Mich., assembly plant beginning in 1988.

Ford also is considering an inexpensive, two-seat sports car to compete with the Pontiac Fiero in the late 1980s. Also under consideration are a front-wheel-drive small passenger van by 1989 and several four-wheel-drive options for cars and light trucks.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$114,739	$97,101
Newspaper	77,295	62,063
Newsp. supp.	1,387	310
Bus. pubs.	5,189	3,930
Network tv	191,373	164,255
Spot tv	37,087	39,300
Network radio	7,625	1,525
Spot radio	14,493	10,787
Outdoor	3,222	2,774
Network cable	6,068	4,892
Farm pubs.	3,026	3,115
Total measured	461,513	391,651
Unmeasured	153,087	129,913
Total	614,600	521,564

FORD MOTOR CO.
The American Road
Dearborn, Mich. 48121
(313) 322-3000

Corporate Marketing Personnel

J.G. O'Connor, exec dir-mktg
D.T. McClure, adv and mktg strategy dir
R.C. Reynolds, mgr-corp adv
F.R. Wiedner, mgr-adv communications

Advertising Agency

Wells, Rich, Greene, New York—James B. Lawrence, sr vp-managing dir, Detroit.

FORD DIVISION

Corporate Personnel

R.L. Rewey, vp-genl mgr

Marketing Personnel

P.M. Novell, genl sales mgr
B.A. Koehler, exec asst-dealer affairs
R.H. Roberts, genl mktg mgr
R.C. Olsen, truck sales promo mgr
J.B. Vanderzee, adv mgr
R.J. Gilbooly, car adv mgr
D.S. Cook, Jr., merch mgr
D.M. Pohlod, car sales promo mgr
J.D. Oldfield, training communications m
J.H. Merrifield, heavy truck sales mgr, tru
operations
D.D. Litchfield, heavy truck adv-merc
mgr, truck operations

Advertising Agency

J. Walter Thompson USA, Detroit—Pe
Schweitzer, exec vp, Detroit office mgr; T
Cronin, sr vp-exec creative dir; Bill W
liams, sr vp-Ford acct dir; Larry Mastro,
truck mgmt super; Hugh Trenkamp, sr
group mgmt dir; D. Sinclair, sr vp-mg
super, cars; Tom Healy, sr vp-media dir.

LINCOLN-MERCURY DIVISION

Corporate Personnel

Thomas J. Wagner, vp-genl mgr

Marketing Personnel

T.D. Mignanelli, genl sales mgr
E.B. Ford II, genl mktg mgr
Sheldon E. Wardwell, adv mgr
Carl Bergman, merch mgr
Chuck Schneider, major mkt. dealer a
mgr

Advertising Agencies

Young & Rubicam, Detroit—Roby H
rington, exec vp; chmn Y&R USA. Natio
group—William A. Power, exec vp-g
mgr; Charles Riley, sr vp-group dir, L-
division; Ken Pool, sr vp-dir of media r
tions & planning; George Bak, vp-mg
super, Merkur; Timothy J. Cooney,
mgmt super, Lincoln luxury; Timothy
Hart, vp-mgmt super, Mercury; Kathleen
Fieger, sr acct exec; Sandra A. Rowla
Colleen K. Cleary, David A. Hudson, a
execs.

UniWorld Group, New York—Ferm
Platot, vp-dir, mktg.

FORD PARTS & SERVICE DIVISIO

Corporate Personnel

J.A. Kordick, genl mgr
L.R. Miskowski, natl service devel

Marketing Personnel

K.W. Myers, prod & mktg mgr
L.K. Driggers, mktg mgr
R.J. Leicht, adv & sales promo

Advertising Agency

Young & Rubicam, Detroit—Robert S
tag, vp-mgmt super; Carol Conestraight, a
super-parts & service; Steve Hamilton, Jo
Scales, acct execs.

NORTH AMERICAN
SALES OPERATIONS
FORD TRACTOR OPERATIONS

Marketing Personnel

R.F. Moglia, vp-genl mgr
G.A. Cowl, asst genl mgr-sales & mktg
R.J. Nicolazzi, genl operations mgr
E.S. Hazel, genl sales mgr
J.A. Fokter, mktg mgr
A.H. Pridgeon, adv & sales promo mgr

Advertising Agency

McNamara & Fearnoth, Southfield, Mi
—Jack Bryan, exec vp; Rol Kracuc, sr a
exec; Robert Drake, asst exec.

FORD MOTOR CREDIT CO.

Corporate Personnel

R.L. Freiaermacher, exec vp-North Ame
can automotive financing operations
C.B. Rosenberg, business devel mgr-dive
fied operations

Marketing Personnel

R.E. Maine, vp-mktg
M.J. Auld, mktg & business devel mgr
W.E. Beathard, mktg & operations m
consumer loan operations

Advertising Agency

Wells, Rich, Greene, New York—J
McKay, exec vp-mgmt group head.

General Mills

Minneapolis

14

($ in millions)

Worldwide	1986	1985	% ch
Sales*	4,587	[illegible]	[illegible]
Net income	183.5	[illegible]	[illegible]
U.S. advertising	484	452	[illegible]

Division sales	1986	1985	% ch
Consumer foods	3,081	2,771	[illegible]
Restaurants	1,051	1,140	[illegible]
Specialty retail	474	[illegible]	[illegible]

General Mills spent much of 1
digging itself out of a financial b
after a dip into the retailing and rest
rant businesses left it overextend
Early in 1985, it spun off its toy b
ness and sold chunks of its retail b
ness and some unsuccessful restaur
properties.

The remaining operations w

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streamlined, including the restructuring in November of its consumer foods unit to become more strongly focused in major growth businesses and to capitalize on growth opportunities.

Fiscal results have proved responsive: A 7% increase in fiscal 1986 sales and a 59% improvement in net income from continuing operations.

Mark Willes, former exec vp-chief financial officer, was named president, a post that had been vacant for three years since H. Brewster Atwater was named chairman-ceo in 1982.

Mr. Willes' cfo duties were shifted to F. Caleb Blodgett, the company's vice-chairman, who also added the chief administrative officer title after Donald Swanson, also a former vice-chairman, left the company in 1985.

Additionally, General Mills split its consumer foods group, which accounts for 57% of total sales, into two segments: Grocery products and convenience/international foods. The move will bring more personalized attention to General Mills' brands, analysts say.

Arthur Schulze now is president of grocery products, including the Big G cereals, Betty Crocker dessert and baking mixes, Helper dinners and potato mixes, Gold Medal flour and other lines.

Steven Rothschild is now president of convenience and international foods, both considered major growth areas by the company. His unit includes Gorton's seafoods, Yoplait yogurt, snacks and international operations as well as new food segments.

Joe Lee remains president of the restaurant group, and David Waters still oversees specialty retailing.

In addition to those moves, General Mills made Stephen Warhover, vp-general manager of the company's "wholesome snack" business, president of Gorton. General Mills expects to see the Gorton's brand grow by 15% over the next five years.

Mr. Warhover is responsible for General Mills' commanding lead in the $195 million dried-fruit snack category, where its Fruit Corners brand holds a more than 75% share. Its Nature Valley line of granola bars holds a 23% share of the $438 million granola bar segment.

The company added Nature Valley Boppers with a $25 million tv (22-week flight), print and coupon effort in December. The product has a peanut butter center with a chocolate crunchy coating.

Fruit Corners Fruit Wrinkles, a dried fruit product shaped like a coffee bean, rolled onto grocery store shelves this summer in an effort to combat Thomas J. Lipton Inc.'s Fun Fruits dried fruit pellets. Fruit Wrinkles debuted with $24 million in coupons, print, network tv and cable tv support.

One food segment the company has focused on is the $4.7 billion ready-to-eat cereal market. General Mills, with a 24% market share, holds the No. 2 position behind Kellogg Co.'s 43% share. Big G threw more than $70 million into advertising and promotion for three new cereal products during the first three months of 1986, more new cereal products than it introduced in all of 1985.

In January, Big G launched Raisin Nut Bran, followed by Rocky Road children's cereal in February and Circus Fun, another presweetened entry, in March.

All three cereals received network tv and couponing, but General Mills tried an unusual approach to selling cereal with Rocky Road: The company bought network radio time on syndicated Top 40-type programs in an attempt to reach teen agers.

Last year, Big G added Pro-Stars cereal in Canada, leading with a $1.5 million campaign featuring Edmonton Oilers' superstar Wayne Gretzky.

Capitalizing on the calcium phenomenon, General Mills added calcium to its Gold Medal flour. Promoting the formula change was limited to the packaging.

Betty Crocker was busy in the kitchen last year, whipping up new cake varieties, box meals and popcorn. Betty also got a "face lift" early this year, her seventh since her debut in 1936. The $1 million effort gave Betty a softer hair style and dressed her in a business suit.

Pop Secret popcorn entered the $400 million popcorn category with a $15 million advertising effort. The move was part of General Mills' plan to establish beachheads in new parts of the grocery store.

Advertising for Betty Crocker's Cake Lovers' Collection features cartoon character Cathy touting the cakes as "A new obsession." The cakes combine flour mix with dried ingredients in a retort pouch for a chunkier mix.

Also new last year was Twice Baked Potatoes, a box mix that received print and coupons from agency Campbell-Mithun, Minneapolis.

This fall, General Mills will spend $23 million on the national introduction of Betty Crocker Oriental Classics, a line of oriental boxed dinner mixes similar to its Hamburger, Chicken and Tuna Helper products. Network tv, coupons and magazines will support.

The company has aggressive expansion plans for its restaurant chains, Red Lobster, LeeAnn Chin and Olive Garden. GM added 20 Red Lobster units this year, and plans another 25 per year until 1990, when it's projected there will be 500 Red Lobster seafood units around the world.

Olive Garden, the company's Italian restaurant concept, is to grow from 14 to 115 units by 1989, General Mills says. LeeAnn Chin's, a full-service, takeout, deli, Chinese food concept, is to expand into a second major market beyond its Minneapolis/St. Paul base this fiscal year. There are three full-service units and five deli-takeouts, all in Minneapolis/St. Paul.

General Mills' divestiture plan left it with only one specialty retailing unit, Talbots, which sells high-quality, classic women's apparel. The company added petite sizes last year, helping boost sales by 44%. Talbots had 59 stores operating at yearend.

General Mills' restaurant unit shifted the $35 million Red Lobster Inns of America account to Grey Advertising, New York, from Backer & Spielvogel, New York, in November, 1985. In April, the company also gave Grey the York's Choice account, formerly with Meldrum & Fewsmith, Cleveland.

GM's U.S. Food division in July shifted the $15 million Yoplait yogurt account to Needham Harper Worldwide, Chicago, from DFS/Dorland, New York. The shift included Yoplait's new soft frozen yogurt, testing in selected markets.

Why, It's Mary Richards!

General Mills' Betty Crocker '86: Head still with discriminating taste; piercing eyes issuing an intelligent twinkle; wide mouth, closed and tufted in humor; a white bow-tied blouse and business-as-usual red blazer. This boxtop Betty plays the high-stakes by day and the food processor by night.

ADVERTISING EXPENDITURES

($ in thousands)	1985
Magazine	$24,824
Newspaper	1,392
Newsp. supp.	1,189
Bus. pubs.	407
Network tv	114,372
Spot tv	122,674
Network radio	2,030
Spot radio	3,826
Outdoor	358
Network cable	12,792
Total measured	284,148
Unmeasured	200,000
Total	484,148

GENERAL MILLS
9200 Wayzata Blvd.
Minneapolis, Minn. 55440
(612) 540-2311
Corporate Personnel

H. Brewster Atwater, chmn
Mark Willes, president
F. Caleb Blodgett, vice-chmn.
Walter R. Barry, exec vp, consumer foo
Arthur Schulze, president, grocery prod
Steven M. Rothschild, president, co
nience & intl foods
David Murphy, vp-genl mgr. mktg services
Joe R. Lee, president-restaurant group

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Target: Adults 25–54
Reach: 81%
Frequency: 4.3
GRPS: 348

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$25,000 Chronicle
Reach: 74%
$50,000 Broadcast
Reach: 81%

CHRONICLE, BROADCAST MIX
$50,000 Best Buy
Target: Adults 25–54
Reach: 91%
Frequency: 5.7
GRPS: 519

Houston Chronicle
Houston's primary advertising investment.

Sources: 1985 Belden [illegible] Market Study Houston PMSA. Local estimates. Chronicle [illegible] (4 daily, 2 Sat., 2 Sun.). Broadcast budget: 70% TV, 30% radio. Represented by [illegible]

Marketing Personnel

Robert J. Blake, dir.-ad services, consumer foods

Pat R. Finch, dir.-media services, consumer foods

Advertising Agencies

Bozell & Jacobs, Minneapolis—grocery, military—Frank Miller, acct. super; Mary Schoffmann, acct. exec.

Campbell-Mithun, Minneapolis—Big G cereals (Cinnamon Toast Crunch, Crispy Wheats 'n Raisins, Bar-Wheats, Golden Grahams, S'mores, Rocky Road), Nature Valley granola, Betty Crocker potatoes, Pop Secret popcorn, S'mores Crunch—Madeleine Bench, exec. vp-mgmt. super; Bruce Sutherland, exec. vp-mgmt. super; potatoes, Nature Valley—Lee Mosser, acct. super; Cereal—Rich Rosengren, mgmt. rep; Kate Richardson, acct. super; John Purdy, acct. super.

Dancer Fitzgerald Sample, New York—Big G cereals (Cheerios, Honey Nut Cheerios, Total, Kix, Trix, Lucky Charms, Cocoa Puffs, Monster Cereals, Pac-Man, Cinna Fun, Raisin Nut Bran, new products), Gold Medal flour, Gold Medal Whole Wheat blend flour, Fiber One cereal—Peter Burns, mgmt. dir.; Marvin D. Sonn, mgmt. super; Anne Albright.

Dancer Fitzgerald Sample, San Francisco—Betty Crocker pancake mix, Wheat Hearts hot cereal, LaPina—Bruce Burns, mgmt. super.

Grey Advertising, New York—Lobster Inns, York's Choice.

[illegible], Boston—Talbots—Pat Casale, mgmt. super; Kathy Sherpless, acct. super; Diane Dunbar, acct. exec.

Laurence, Charles, Free & Lawson, New York—Gorton Fish, [illegible] Fresh—Susan Howder, acct. exec.

Needham Harper Worldwide, Chicago—Yoplait yogurt brands, Betty Crocker dessert mixes, Bisquick, Fruit Corners (Fruit Roll-Ups, Fruit Bars, Snackin' Fruit, Fruit Wrinkles), new main meals, new yogurt meals, Bac-Os, Wheaties, Hamburger, Chicken & Tuna Helper, Yoplait yogurt, General Classics bread dinners—Ron Bess, exec. dir.; Stu Sharpe, acct. dir.; Alan Alexander, mgmt. rep; Karen Wagenknecht, mgmt. rep; Cathy Kerr, mgmt. rep.

Rod Baynes Inc./Midland Advertising, Minneapolis, Minn.—[illegible]—Cal Young, vp-acct. super; Susan [illegible], acct. exec.

[illegible], Cleveland—Gorton's Blue Water label frozen seafood—James S. [illegible], acct. rep.

General Motors Corp.

Detroit

5

($ in millions)

Worldwide	1985	1984	% chg
Sales	96,371	[illegible]	[illegible]
Net income	[illegible]	[illegible]	[illegible]
U.S.	**1985**	**1984**	**% chg**
Sales	[illegible]	[illegible]	[illegible]
Operating profits	[illegible]	[illegible]	[illegible]
Advertising	[illegible]	[illegible]	[illegible]
Division sales	**1985**	**1984**	**% chg**
Automotive	[illegible]	[illegible]	[illegible]
Nonautomotive	[illegible]	[illegible]	[illegible]
Defense	[illegible]	[illegible]	[illegible]
Computers	[illegible]	[illegible]	[illegible]

General Motors Corp. entered a digestive phase in 1985 after a spate of multi-billion-dollar acquisitions ending with the purchase of satellite and aerospace specialist Hughes Aircraft Co. on Dec. 31, 1985.

The buyout of El Segundo, Cal.-based Hughes capped the multi-billion-dollar buying spree, in which GM also picked up Electronic Data Systems, Dallas, and several small machine-vision and emerging-technology companies, which will give it access to technology that might be adopted into vehicle production as well as some revenue not dependent on the cyclical auto industry.

The cyclical and competitive nature of the industry left the auto marketer with a 14.9% growth in sales but a decline of 11.5% in earnings in 1985, the latter affected by cut-rate financing incentives that sliced margins, and costs of installing new technology to enhance competitiveness.

Those factors continued to hold down financial results into the first half of 1986. Earnings for the six-month period dipped 8.5% to $2.04 billion, on revenues of $54.45 billion, up 17%.

Slimming down, restructuring and integrating acquisitions continue to be major concerns of management this year as Chairman Roger Smith's ambitious efforts to mold the company into his vision of a "21st century corporation" filters down to middle-management level, the toughest act, and as GM at times seems to be struggling to implement its sweeping reorganization begun in early 1984.

Led by Wall Street stock analysts who once awarded GM marks for being far-sighted, critics by the spring of 1986 began to lambast GM top brass as too preoccupied with restructuring to protect the auto maker's slipping market share.

They also were concerned that high capital spending was cutting into profitability.

General Motors' share of the car market fell to 42.29% in 1985 from 44.64% in 1984. Unit sales gained 81,394 to 4,582,587 in 1985, but failed to keep pace with a 790,000-unit rise in the total car market to 11.03 million. Pontiac was the only division to post a share gain in 1985, from 6.8% to 7.2%. Oldsmobile and Chevrolet improved unit sales slightly but lost share in the sizzling market, down 0.5 points to 9.9% for Oldsmobile and off 0.8% to 14.5% for Chevy.

Buick and Cadillac suffered unit sales declines, with their share dropping 0.3 points to 2.5% for Cadillac and 1.3% to 7.8% for Buick as its sales plummeted from 919,904 in 1984 to 851,220 in 1985.

GM brass countered by saying the internal makeover and heavy investments in technology and modernization is necessary if GM is to keep its No. 1 position into the next century.

But GM made several cost-cutting moves that analysts called concessions to nervous investors. GM cut back on capital spending. It cancelled or delayed some advanced product programs, such as the plastic-bodied Camaro-Firebird replacement set out in 1991 and related engine developments.

GM dropped some plant renovations because of reduced sales volume projections on some programs, like GM80, the code name for the late-'80s midsized series to replace intermediate specialty models.

Even Saturn Corp., GM's new subsidiary designed to develop new methods of designing, manufacturing and marketing a small U.S.-built car by 1990, was not immune from the belt-tightening.

Saturn planned investment was reduced, "although not enough to significantly harm the project," a spokesman says.

And president F. James McDonald said in August, 1986, that Saturn's much-ballyhooed Spring Hill, Tenn., complex of up to six separate assembly, engine and component plants would be phased in rather than be in place by the start of production in 1989.

Emerging trends in GM marketing included continuing efforts to squeeze additional efficiency and effectiveness out of GM ad dollars, a buildup in GM's internal marketing capabilities and a swing to regional marketing. The squeeze came to GM mainstay ad agencies when the company reduced commissions paid to about 13%.

Robert T. O'Connell, vp-marketing and product planning staffs, boosted GM's internal media and research capabilities by hiring Philip Guarascio and Vincent Barabba. Mr. Guarascio, who ran the media department at Benton & Bowles, New York, was hired Oct. 1, 1985, as exec director of advertising services. Mr. Barabba, a one-time head of the U.S. Census and Eastman Kodak's director of marketing intelligence, came aboard simultaneously as executive director of research services.

Together, they were charged with developing "GM's vision of the future" in marketing. Mr. Guarascio's office took over coordinating GM divisional advertising and media negotiations, although each division's agencies continued to make the actual media purchases, a tactic aimed at improving GM's bargaining clout without damaging its agencies. Mr. Guarascio denied considerable speculation that GM would eventually take media buying in-house.

GM intensified pressure on all media for lower rates and other concessions, including a concerted push on magazines starting in the fall of 1985.

Results were mixed. GM often won on multiyear, rate-guarantee contracts but less frequently on rates based on model years than calendar years and other demands.

General Motors' "factory" contributions to dealer ad associations (groups of same-brand dealers in individual markets) rose slightly to an estimated $707 million in 1985. The total, significantly smaller than the dealer's individual kick-ins to the association funds, is included in the charts as unmeasured media spending.

The brightest spot among GM's car divisions in 1985 and early 1986 was Pontiac, with a hint of better things to come for Chevrolet, the other small-car specialist in GM's brand lineup.

Chevrolet, with a goal of regaining a 20% share of the U.S. passenger car market, entered the 1986 model year with a big-car, small-car strategy. Robert Burger, vp-general manager, says Chevy needed to sell 1 million larger cars led by "core" vehicles Celebrity and Caprice and another million units of small cars. Chevrolet's 1986 small car stable encompassed the U.S.-built Cavalier and the aging Chevette and three Japanese vehicles: tiny Sprint imported from Suzuki Motor Co., Spectrum from Isuzu Ltd. and Nova, a relabeled Toyota Corolla assembled in California from New United Motors Manufacturing, the GM-Toyota joint venture.

The latter three, previously sold only regionally because of import quotas or startup restrictions, went national in October, 1985, with an "international auto show" ad campaign concentrated in the import-dominated West and separate from the division's "Today's Chevrolet" theme. The campaign was designed to inform youthful prospects that Chevy had imports and to shed a large-car image among the young.

Sales, especially of Nova, lagged and the campaign was dropped in early 1986.

Two other major marketing programs unfolded for Chevy in the 1986 model year. One was a huge effort to target women buyers, with Chevy becoming a leader in this emerging national trend among auto marketers. Chevy agency Campbell-Ewald, Warren, Mich., aimed few commercials only at women in terms of creative content. A 1984 Chevy "pink truck" magazine ad and research showed women resented being isolated from the mainstream that way.

But Chevy restructured its media buying for 1986, deemphasizing tv sports in favor of more prime-time and even daytime and buying more "active women" magazine space. Chevy beat Ford Motor Co., Chrysler Corp. and other GM divisions to the punch by being the first to offer preapproved credit through GM's financing arm via a mail-in coupon that was part of a campaign in Cosmopolitan.

Another major effort went into regionalized advertising, which Chevrolet has been experimenting with since 1984 when it assigned part of its national budget to Vic Olesen & Partners, Los Angeles, for a California effort.

By the spring of 1986, Chevrolet and Campbell-Ewald had reorganized their regional offices and had regional campaigns in place for Texas and the Northeast. Chevy's regional efforts were budgeted to receive up to $30 million in calendar 1986, not including the normal factory contributions to dealer ad associations.

Pontiac, with D'Arcy Masius Benton & Bowles' "We build excitement" theme well established and more product to match the youthful, sporty imagery, has gone from corporate goat in 1982 to corporate hero. Pontiac has GM's youngest and best-educated median buyer and is challenging Buick for third place in unit sales within GM.

For the second season, Pontiac concentrated nearly all its advertising on the division's image cars. They were broadened beyond Fiero, Sunbird, Firebird and 6000 by the arrival of midsized specialty Grand Am, which quickly exceeded sales expectations at Pontiac.

While sister cars Oldsmobile Calais and Buick Somerset lagged, Grand Am has gone from an initial 20% of the N-car production to half.

Pontiac marketing efforts reflect its image. In January, 1986, the division launched a $4.5 million California regional campaign, its third annual and largest yet. It was coordinated by DMB&B with dealer group agencies Sawdon & Bess, Los Angeles, for Southern California and Craig & Hancock, Sacramento, for the north. The campaign was heavy on outdoor boards done in hot pastels, spot tv, radio and 100,000 California direct mailings.

A separate $4 million spring campaign aimed at 18 to 24-year-olds broke in March, 1986. The campaign was concentrated on 300 college campuses. Tv, radio and print were bolstered by concert tie-ins and a tie-in with a General Motors Acceptance Corp. mailing to 800,000 graduating college seniors.

After big gains in the '80s, Buick division faltered in 1985. Executives placed some blame on lack of product because of slow startups on all-new versions of the LeSabre and Riviera, but by the summer of 1986 were reflecting the emphasis put on youthful, sporty cars like the performance T-type versions of most models that seemed to be confusing traditional luxury-minded buyers.

Buick continued experimenting with a variety of unconventional marketing tools, mostly coordinated through its Marketing Through Technology de-

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settlement. Telemarketing, product information computer displays in airports and shopping malls, and electronic hookups between headquarters and dealers are already in place. Meanwhile, Buick explores ways to influence consumers at the stage when a new car is being weighed against vacations, appliances and electronic entertainment devices.

Oldsmobile division widened the gap between its sales and Buick's with another million-unit year in 1985, good enough for third among all brands in the U.S. behind Chevrolet and Ford division.

Oldsmobile continued its consistent mainstream advertising that has created one of the strongest marketing images in GM's stable. Under the 1984 reorganization concept, Oldsmobile's assigned place is guarding the upscale, conservative sector. Even with orders for all divisions to seek more distinct marketing images, Olds has been able to do so by not moving with the market as it swings to more expressive, sportier styling.

Cadillac division, which like Buick has had to move its image further, enjoyed a successful 1985 model year but was down in the '86 model year despite continued improvement in the luxury segment. Cadillac still dominates the 1.1 million unit top of the market with a nearly one-third share.

But European and for the first time Japanese imports continue to target luxury and near-luxury buyers in the U.S. New additions like the Austin Rover Sterling, due in early 1987, keep coming. And Ford's Lincoln gained strength, in part because of more distinctive styling.

A September, 1985, commercial from Lincoln-Mercury agency Young & Rubicam was effective in playing on Cadillac's perceived styling sameness. It portrayed country club patrons and parking valets being unable to tell the difference between black Cadillacs, Buicks and Oldsmobiles. Cadillac fought back on two fronts, while internally, Cadillac designers reworked future products to provide more distinctiveness.

Seeing traditional buyer portions of the population start to turn to imports for a taste of the exotic, Cadillac planners sought a new class of budding traditionalists. Hispanics are a rapidly growing group with increasing wealth and a pro-family orientation that shows preference toward larger cars. Cadillac is trying to tap that market, especially with Spanish-speaking immigrants who might chose a Cadillac as a symbol of American success.

Cadillac launched a special effort in Florida in November, 1985, with its all-new Eldorado and Seville models, aimed at Hispanics. A separate, but related campaign took polo, an upscale sport tapped by the division since 1985's U.S. visit paid by Britain's polo-playing Prince Charles.

Cadillac's other major effort is paving the way for the late 1986 arrival of the Allante, its first "import," first two-seater, first sports-car and, at an expected $50,000, most expensive model ever. The Allante was designed by Italian coach maker Industrie Pininfarina, based on a U.S. chassis and power train. The bodies will be built in Italy and airfreighted to Detroit for final assembly.

While the Allante's projected volume is only about 8,000 a year, Cadillac is counting on Allante to cement the divisional marketing image more firmly upscale and position Cadillac as a more serious competitor against Mercedes-Benz, BMW and Jaguar in the super-luxury end of the market.

ADVERTISING EXPENDITURES

(in thousands)	1985	1984
Magazine	$107,550	$98,486
Newspaper	140,978	109,159
Newsp. suppl.	22,944	998
Bus. pubs.	9,332	8,155
Network TV	289,896	231,441
Spot TV	40,067	36,220
Network radio	9,034	6,746
Spot radio	27,942	30,036
Outdoor	3,653	3,176
Network cable	4,729	3,107
Farm pubs.	1,993	1,622
Total measured	560,680	532,887
Unmeasured	212,320	199,159
Total	779,000	731,446

GENERAL MOTORS CORP.
3044 W. Grand Blvd.
Detroit, Mich. 48202
(313) 556-5000
Marketing Personnel

R.T. O'Connell, vp
Philip Guarascio, exec dir-adv services
J.W. McNulty, vp-pr
A.L. Smith, dir-corp communications
W.G. Quigley, genl dir-media & community relations
C.D. Werrott, dir-media relations
J.W. Crelin, dir-U.S. regional operations
R.L. Thiers, dir-intl

Advertising Agency

N.W. Ayer, Detroit—Robert Kingsbury, sr vp-managing dir; Richard N. Pruss, sr vp-mgmt super; Stephen Stepanek, vp-acct super; Deborah Worrell, vp-acct super; Thomas Weimer, vp-creative dir; Randall D. Schroeder, vp-media dir.

CHEVROLET MOTOR DIVISION
Marketing Personnel

R.D. Burger, vp-genl mgr
R.W. Starr, genl sales & service mgr
T.A. Staudt, genl mktg mgr
W.H. Erdman, asst genl sales mgr
J.W. Kelley, mktg mgr-trucks
D.K. Colliver, mgr-passenger car adv
R.J. Kramer, dir-pr

Advertising Agencies

Campbell-Ewald Co., Warren, Mich.—Robert "Hans" Schirmer, exec vp-agency dir of client services; William J. Rauch, exec vp-acct dir; John Barczyk, group sr vp-group mgmt super, truck adv & merch; Thomas R. Boyd, John B. Hammond, sr vps-mgmt supers, truck adv & merch; Donald D. Williams, group sr vp-group mgmt super, passenger car adv; Richard A. Anderman, James E. Eie, Milton J. Sandling, sr vps-mgmt supers, passenger car adv.

Vic Olesen & Partners, Inc. Advertising, L.A.—adv for Cal., Wash., Oregon, Nev.—Vic Olesen, partner; Eric Davison, partner; Irwin Davis, partner; Bill Donaldson, partner.

PONTIAC MOTOR DIVISION
Pontiac, Mich.
Marketing Personnel

J. Michael Losh, genl mgr
E.M. Schlesinger, genl sales mgr
H.S. Christie, asst genl sales mgr-field
R.J. Sherman, asst genl sales mgr-service
R.E. Benson, dir-mkt planning
C.A. Curry, adv mgr
E.H. Smith, merch mgr
W.J. O'Neill, dir-pr
J.H. Graham, dir-productions & communications

Advertising Agency

D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich.—Robin Smith, deputy managing dir; D. Mark Girvin, sr vp-mgmt super; Stephen Kopcha, exec vp-exec creative dir; Mike Valiante, vp-acct super; Art Pepin, acct super; Dick Halliday, sr acct exec; Bob Nichols, Terry Reed, Steve Brown, Jon Holman, acct execs.

BUICK MOTOR DIVISION
Marketing Personnel

E.H. Mertz, vp & genl mgr
W.J. Atkinson, genl sales mgr
D.E. Clark, asst genl sales mgr-admin
F.H. Dorgin, asst genl sales mgr-northeast
R.J. Adams, asst genl sales mgr-central
J.J. Fuerter, asst genl sales mgr-southeast
F.H. Dorgin, asst genl sales mgr-midwest
W.K. Ramsey, asst genl sales mgr-west
R.E. Coletta, asst genl sales mgr-dealer assistance center
L.D. Robbins, asst genl sales mgr-service
H.E. Savage Jr., dir-adv
T.W. Edwards, adv mgr-special projects
S.A. Yoho, asst adv mgr
T.L. Pond, dir-pr

Advertising Agency

McCann-Erickson, Troy, Mich.—Gerald C. Atkin, exec vp-genl mgr; Jan D. Barr, sr vp-mgmt rep; James L. Ramsey, sr vp-exec creative dir; W. Brian Schweinert, exec vp-dir, media services; Richard A. Hill, vp-natl group acct super; Glenn Armitage, vp-regional group acct super; Harold W. Randall, vp-acct super-collateral; Jan L. Wozniak, sr vp-dir, strategy devel & rsch; Barbara J. Gaston, vp-pr coord; James Moore, acct super-tactical group; Keith Wandish, acct super-brand devel group; Helen Seligman, assoc media dir; Patrick Simmons, sr acct exec-tactical group; Todd Ralph, natl acct exec-RMO; Robert Cleary, acct exec-tactical group; Cathy Thompson, acct exec-collateral group; Gary Kopicko, regional mktg exec-Detroit; Brent McCutcheon, regional mktg exec-Chicago; Bill Marrella, regional mktg exec-Atlanta; Mike Mitchell, regional mktg exec-New York; Ron Blanquere, regional mktg exec-Dallas; Tom Martinson, regional mktg exec-Los Angeles.

OLDSMOBILE DIVISION
Marketing Personnel

W.W. Lane, genl mgr
C.N. Moore, genl sales mgr
D.L. Wench, asst genl sales mgr-admin
F.J. Atwell, asst genl sales mgr; R.B. Jarine, mktg dir
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Advertising Agency

Leo Burnett Co. of Michigan, Southfield, Mich.—John C. Ryan, exec vp-gen'l mgr; Roger K. Bailey, vp-acct super; Michael O'Neal, vp-acct super; Joseph P. Henry, vp-media dir; William Swink Jr., vp-mktg & merch super; Roger Butin, vp-creative dir; Edwin Scully, vp-office mgr, secy-treasurer; Lawrence Doyle, Randall Lewis, acct execs.

CADILLAC MOTOR CAR DIVISION

Marketing Personnel

J.O. Grettenberger, gen'l mgr
P.R. Garcia, gen'l sales mgr
W.R. Lovellett, asst gen'l sales mgr-service
E.R. Torre, asst gen'l sales mgr-mktg
J.R. Kitzmiller, asst gen'l sales mgr-field personnel
P.J. Levin, dir-merch
S.J. Perelli, dir-pr
R.L. Forhush, asst gen'l sales mgr-admin

Advertising Agency

D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich.—Robin Smith, deputy managing dir; Alex Morton, sr vp-mgmt super; Stephen Kopcha, exec vp-exec creative dir; Ted Sale, vp-group acct super; John Hohman, vp-acct super; Tim Copacia, acct exec; Keith Ulrich, acct exec; Dan Brennan, acct exec; Lori Wackerman, acct mgr.

GM TRUCK & BUS GROUP
(GMC Truck)

Marketing Personnel

Charles Katko, GM vp-truck & bus group exec
Alexander A. Cunningham, GM exec vp
John D. Rock, mgr-GMC truck operation

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Duncan A. Brodie, gen'l dir-GMC truck sales
Richard Weston, mktg dir
James E. Wenzel, merch mgr
Donald C. Haas, dir-pr
Candace W. Robbins, mgr-adv

Advertising Agency

McCann-Erickson, Troy, Mich.—Gerald C. Allen, exec vp-gen'l mgr; James L. Ramsey, sr vp-exec creative dir; Ronald F. Gauss, sr vp-mgmt super; Steve Olson, vp-acct super-tactical group; Martin M. Schemm, acct super-brand devel group; W. Brian Schweikart, sr vp-dir, media services; Jan L. Wozniak, sr vp-dir strategy devel & rsch; Barbara J. Gaston, vp-pr coord; Garry Nielson, vp-grp creative dir; Edward A. Fang, vp-assoc media dir; Michael Fearon, sr copywriter; Wayne Graydon, sr art dir; Eli Greenbaum, Keith Dickman, copywriters; Patti Abetich, media planner; Chuck Hollen, assoc dir-research.

GENERAL MOTORS PARTS
Detroit, Mich.

Marketing Personnel

V.R. Peters, gen'l dir
J.T. O'Connor, sales mgr-west
S.D. Segalini, sales mgr-east
C.E. Wagner II, sales mgr-central
E.W. Green, sales mgr-admin
E.J. Carey, sales mgr-dealer devel & services
D.E. Poole, dir-pr

Advertising Agency

D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich.—Theodore Desgarden, exec vp-mgmt super; Art Harrington, vp-retail communications; Karen Ayala, Cheryl Morgan, Scott Hayes, acct execs.

GENERAL MOTORS ACCEPTANCE CORP.

Marketing Personnel

R.F. Murphy, chmn
G.G. Fenner, group vp-mktg
C.A. Kraus Jr., vp-public affairs & adv

Advertising Agency

Campbell-Ewald, Warren, Mich.—Richard O'Connor, chmn-ceo; P.A. Dow, president-coo.

SATURN CORP.
Troy, Mich.

Marketing Personnel

R.G. LeFauve, president
J.G. Middlebrook, vp-mktg
Judith Merriott, dir-communications

GE/RCA reunite

RCA Corp.'s link to GE traces back to 1919 when RCA was formed at the urging of the U.S. Navy, which wanted independence in U.S. communications. GE, which held patents to long-distance transmission equipment, was RCA's first major shareholder, parlaying that into an ownership position. The RCA Radiola I crystal set introduced in 1922 was manufactured by GE. In 1932, RCA became independent when the government forced the separation of RCA and GE. The GE memory lingered on, however, in the NBC chimes—G.E.C.

RANK

24

GE/RCA

New York

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	37,257	33,318	11.7
Net income	2,705	2,621	3.2
U.S.	**1985**	**1984**	**% chg**
Sales	35,080	33,958	3.3
Operating profits	2,396	2,223	7.8
Advertising	373	446	(16.4)
Division sales	**1985**	**1984**	**% chg**
Electronics	4,891	4,942	(1.0)
Entertainment	3,405	2,993	13.8
Communications	425	417	1.9
Transportation	N/A	1,440	N/A
Other	291	319	(8.8)
GE cons. prods	3,457	3,372	2.5
GE major appl.	3,617	3,650	(0.9)
GE ind. systems	4,094	4,022	1.8
GE power sys.	5,373	5,797	(7.3)
GE aircraft sys.	4,826	3,891	24.0
GE materials	2,347	2,117	10.9

General Electric Co., concentrating its efforts on major services and technology business lines, enhanced that corporate strategy in June, 1986, with the $6.4 billion buyout of RCA Corp., owner of NBC Television Network.

Under the merged company, NBC becomes a separate GE subsidiary, as does RCA. John F. Welch Jr., chairman-ceo of GE, will be chairman-ceo of the combined company, which will have its headquarters in Fairfield, Conn. Robert R. Frederick will remain president-ceo of RCA. Richard W. Miller, formerly an RCA exec vp, was named senior vp-consumer electronics, reporting to Mr. Welch. He was regarded by many as the successor to Mr. Frederick prior to the merger.

GE was expected to announce in late August that Grant Tinker, chairman-ceo of NBC, would be replaced by Robert C. Wright, 43, previously president-ceo of GE Financial Services Inc., and GE Credit Corp. Mr. Tinker has led NBC the past five years in its surge past CBS and ABC in the prime-time ratings charts, and has been planning to leave at the conclusion in July of his five-year contract.

As a result of the Justice Department's review of the proposed acquisition, GE will sell, by Nov. 30, 1986, its vidicon tube business. FCC crossownership rules against multiple ownership in the same market also requires GE to sell five NBC radio stations in New York City, Chicago and Washington D.C., where NBC has tv stations.

A grandfather clause had permitted RCA and other media companies with multiple ownership in the same markets to retain their properties when regulations were passed against crossownership. The sale of such a "grandfathered" media company voids that clause for the new owner.

GE had 1985 earnings of $2.34 billion, up 2% from 1984, on sales of $28.29 billion, up 1%. RCA had 1985 earnings of $369.1 million, up 8.2%, on sales of $8.97 billion, up 3.5%. Earnings for NBC Tv Network rose 54% in 1985 on a 12% gain in sales.

Advertising for the two companies in 1985 was a composite $373.3 million, down 16.4% from a composite 1984, according to the 11 measured media monitored for this issue. According to the seven media indices of Leading National Advertisers, RCA spent $63.9 million in 1985, and GE spent $63 million in measured media.

However, the RCA expenditure was a drop of 27.9% largely because of its sale in 1985 of Hertz to UAL. Hertz in 1984 was supported with $12.5 million, which has grown to $15 million under UAL. RCA products among ad support in 1985 included RCA color tv sets, down 14% to $5.4 million, RCA convertible videocassette recorders down 21.3% to $3.7 million. The company virtually stopped spending on its video camera & vcr, its Selectavision videomonitor, the video remote control and video sound camera. NBC Tv Network ad support grew 18.5% to $25.8 million, and continued to be the big ad line item at RCA.

Among the media mix, network tv dropped the most—from $24.2 million in 1984 to $8 million, a good portion of that credited to the exiting of Hertz from the RCA media charts.

GE's total LNA expenditure grew 9.2%, mostly in magazine support which was up 55.3% to $18.2 million. The big jump in ad expenditures was credited to home light bulbs, backed with $13.1 million, up 72.3%. Support for microwave ovens jumped 156% to $4.1 million. GE general promotion (not product-specific) grew 52% to $9.9 million in 1985.

The biggest drop in ad spending for a major product was for home telephones, which received $1.2 million, down from $5.8 million in 1984.

Mr. Welch says the "merger further accelerates a process that has seen GE grow into a major services and technology business. In the last five years services and technology businesses moved from about 50% to about 70% of the company's earnings." GE has been selling off units that don't fit its strategy. Such transactions generated approximately $700 million in 1985, bringing the company's five-year total divestiture count to $5.6 billion. It has been buying units that fit, too. GE is paying an estimated $600 million to purchase 80% of Kidder Peabody & Co., a Wall Street securities firm whose capital-raising acumen could help build GE Financial Services into one of the leading players in the investment banking business. Kidder's capital in April, 1986, when the agreement was struck was $464 million, about a fifth of that of market leader Merrill Lynch & Co.

GE's central long-term strategy is intended to make the company either number one or two in market share in 15 businesses, which it has grouped into three segments: Core manufacturing, technology and services.

In core manufacturing, GE has six large businesses—lighting, major appliance, motor, turbine, transportation, construction equipment—that have a commanding or leading market position. In the past five years GE has invested more than $2 billion in these businesses. Despite heavy investment costs and unfavorable economic conditions, the earnings of these businesses as a group have increased at an average annual clip of 7%.

GE's large technology businesses—medical systems, aircraft engines, aerospace, materials, factory automation—are positioned to improve their competitiveness through acquisition and r&d investment. R&D expenses in these businesses was $7.8 billion over the past five years, with $3.6 billion also spent on plant and equipment. During the 1981-85 period, earnings in these technology businesses as a group grew at an average annual rate of 19%.

In GE's service businesses—construction and engineering, and financial, nuclear and information services—its strategy is to grow by adding entrepreneurs and by making related acquisitions. The five-year average annual earnings growth for the group, led by financial services, is 16%.

GE expects to generate 80% of its post-merger earnings from technology and services, while it continues to maximize the competitive strength of its growing manufacturing segment. GE reports that "RCA's services and technology businesses—the NBC network, broadcast stations, aerospace and defense businesses, communications and RCA Service Co.—will complement its businesses and help improve global competitiveness."

General Electric's economic outlook for 1986 is mixed. Although a few positives have emerged, the company is concerned about inflation-adjusted "real" interest rates, lower wage costs created for Japanese and Korean competitors with currently favorable foreign rates, and U.S. tax reform. Against this backdrop, GE's projections forecast a relatively low-growth scenario with modest earnings growth. Should the economy be more in line with the consensus forecast of close to 4% real GNP growth, it is well-positioned for good earnings growth.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	55,286	52,065
Newspaper	29,870	31,647
Newsp. supp.	5,032	3,190
Bus. pubs.	12,539	15,448
Network tv	49,173	80,096
Spot tv	11,953	15,255
Network radio	1,668	787
Spot radio	2,771	5,228
Outdoor	1,230	888
Network cable	2,520	1,036
Total measured	172,071	205,736
Unmeasured	201,265	240,642
Total	373,336	446,378

GE/RCA CORP.
30 Rockefeller Plaza
New York, N.Y. 10020
(212) 621-6000

Marketing Personnel

Leonard Vickers, vp-corp mktg
Richard A. Costello, mgr-corp brand communications
Carl L. Koss, mgr-corp adv
Robert C. Plumb, mgr-business communications
Barbara J. Parsky, mgr-corp mktg pr
Amy Stenhouse, mgr-media services
A. Clay Walker, coord-media
Victor H. Abott, mgr-major appliance adv
Raphael Rochman, mgr-consumer electronics adv
R.O. LaFond, mgr-lighting business adv
Baron D. Ladd, vp-GE credit corp adv

Advertising Agencies

BBDO, New York—brand image, corp adv, major appliances, consumer electronics, lighting—Frank Perkins, exec vp.

Jim Johnstone Inc., New York—business-to-business—Jim Johnstone, president.

Jordan, Manning, Case, Taylor & McGrath, New York—GE Credit Corp.—Jack Taylor, exec vp.

Lawler Ballard Advertising, Norfolk, Va.—consumer electronic trade adv—John Carr, acct exec.

NBC ENTERTAINMENT

Marketing Personnel

Marla Goldstein, dir of media planning—adv & promo.

Advertising Agency

Diener/Hauser/Bates, Los Angeles.

RCA AMERICAN COMMUNICATIONS

Corporate Personnel

John Williamson, dir

Advertising Agency

Hammond Farrell, New York—Jeffrey Kaumeyer, acct super—vp; Bonnie Bonacci, acct exec; Soren Lindberg, pr—acct super.

RCA CONSUMER ELECTRONICS

Corporate Personnel

Stephen Stepnes, div vp

Advertising Agency

Leo Burnett, Chicago—Jack Brown, mgmt super.

RCA/ARIOLA

Marketing Personnel

Forbes Elliott, mgr of media planning & analysis
Robin Arnold, vp-communications
Bernie Handel, mgr of adv accounting

Advertising Agency

In-house.

RCA AEROSPACE & DEFENSE

Rick Gillespie, admin of prod information & exhibits

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Rank **50**

Gillette Co.

Boston

($ in millions)

Worldwide	1985	1984	% chg
Sales	2,400	2,289	4.8
Net income	160	159	0.6
U.S.	**1985**	**1984**	**% chg**
Sales	1,085	1,102	(1.5)
Operating profits	169	163	3.6
Advertising	101	105	(3.8)
Division sales	**1985**	**1984**	**% chg**
Blades & razors	794	769	3.4
Toiletries	729	697	4.7
Office prods.	270	276	(1.8)
Braun prods.	414	384	8.1
Other	188	163	22.0

Gillette Co., which sought growth in 1985 through its existing business segments and product extensions, got slight gains in its main product lines and modest over-all sales and earnings growth.

Brian McFarland, vp-advertising services, calls Gillette a mature company that continued to give brands their traditional levels of supports, with normal cyclical ups and downs.

Measured media advertising continued to slip, to $86.2 million in 1985 from $88.7 million in 1984 and $93.1 million in 1983.

Magazine spending increased 12%, to $12.1 million, and over-all tv spending declined as network slipped 11.8% to $55.6 million, and spot tv rose 36.4% to $16.1 million.

Gillette posted operating profit of $380 million, up 8% from 1984. There were slight gains in operating profit in blades and razors, up 5% to $266 million on a sales increase of 4%, and toiletries and cosmetics, up 5% to $59 million on a 5% growth in sales. Writing instruments and office products declined 12% in operating profit to $10 million on sales that dropped 2%.

The financial plus at Gillette was in its Braun products segment, in which operating profit grew 13% to $50 million, on a 7% increase in sales.

Most of the year-to-year improvement came from international sales, as Gillette reported virtually unchanged domestic sales figures. Gillette reported a gain of $46 million in foreign currency translation in 1985, compared with a loss of $89 million in 1984. Foreign activities the past two years have represented 57% of total sales and operating profits.

The year marked the formation of Braun Inc. to market the products in the U.S. In March, Lowe Marschalk got the nod as Braun's first domestic agency with a $10 million to $15 million budget.

Blades and razors continues to be Gillette's most important operation. Gillette introduced the Atra Plus twin blade shaving system with a lubricated strip for shaving sensitive skin via a $16 million campaign.

MicroTrac, a twin-blade disposable, was introduced in January with "the essence of shaving" theme. Mr. McFarland says Gillette made "significant marketing progress under the 'essence of shaving' campaign, now in its second year, having begun with the original Atra."

Gillette continues to have more than 50% of the market in unit and dollar sales in the shaving area, with Schick second in dollar sales and Bic second in unit sales.

Over-all, Atra advertising rose slightly, according to LNA, from $9.71 million in 1984 to $9.76 million in 1985. Spending for Good News! disposable razors was $5.82 million, up slightly from $5.72 million.

In toiletries and cosmetics, Gillette introduced solid and aerosol versions of its Dry Idea roll-on antiperspirant. Along with higher sales of Soft & Dri products, this offset lower sales of other deodorants and antiperspirants. Lynn Hyman, analyst with Smith Barney, Harris Upham & Co., says the Dry Idea extensions added incrementally to sales and kept the whole deodorant segment up. Domestic shampoo sales rose sharply based on consumer response to the new White Rain shampoo.

Unrecorded by LNA in 1984, White Rain shampoo spending was $1.13 million in 1985. Gillette extended the line this April with White Rain hairstyling mousse, supported by a $2.2 million campaign from N W Ayer using singer Louise Mandrell as spokeswoman. Mr. McFarland says White Rain has expanded from distribution in the South to a national brand. Diana Temple, vp with Salomon Brothers, New York, says the introductions "allowed Gillette to hold share in that market."

Ms. Hyman calls the White Rain moves very successful in staking out a position in "the value end of the haircare market." She says Gillette also bolstered its presence at the premium end of the haircare market with Mink Difference mousse, liquid stylizer and gel shipped in July. Also, Gillette planned to introduce a styling mousse and styling gel aimed at men under the Dry Look name in September, supported by a $5.7 million advertising and promotional campaign from BBDO.

Major spending in this area included Dry Idea roll-on, up to $7.45 million from $6.48 million; Right Guard deodorant products, up sharply from $1.41 million to $7.05 million; Right Guard stick antiperspirant, down $39,000 from $3.58 million; Silkience shampoo, down to $313,000 from $2.95 million; Silkience shampoo and conditioner up to $5.1 million from $642,000; Soft & Dri deodorants, up to $4.24 million from $371,000; Brush Plus product up from $3.2 million to $8.3 million, and Soft & Dri spray deodorants, down to $1.5 million from $4.22 million.

In 1986, Gillette made a major creative shift in its Right Guard advertising. Mr. McFarland credits this to "fallout from a change in the marketing strategy rather than any dissatisfaction with previous campaigns."

Replacing the "You Work Hard" approach is the amusing "Mr. Right" campaign, which first aired on the Super Bowl broadcast in January. It shows "Mr. Wrong" monsters ineffectively hanging out in what seems to be a singles bar. A bit of Right Guard and they become Mr. Rights. Mr. McFarland says, "The time was right to take the brand younger and rebuild the franchise with younger men." Young & Rubicam handles.

In writing instruments, domestic sales of rolling ball pens rose sharply, led by the Accu-Point pen and the early 1985 launch of the Rollerstick pen. Paper Mate ballpoint pen advertising declined from $4.5 million to $3.67 million. Another introduction was the Paper Mate Advancer refillable pencil and the Liquid Paper line's Just For Forms correction fluid. Liquid paper spending rose to $3.39 million from $1.35 million, according to LNA.

Ms. Hyman says Paper Mate's sales rose 5% in the first quarter of 1986, while domestic operating profits rose 23%. She says this resulted from capital investments finally contributing to profit levels."

She also detected "a fair amount of excitement" in the Braun segment getting wider distribution. Initially Braun products were found in specialty stores; now, however, versions of products with fewer "bells and whistles" are available through mass merchandisers like K mart and Sears. This avoids overlap with more upscale retailers.

Gillette continues its heavy involvement in 15-second commercials. The company now produces original 15-second spots besides crafting them from 30-second spots. The new approach reflects the difficulty of making an effective 15 from an old commercial. Mr. McFarland says the 15s support "all mature brands with established positioning," rather than new products. Of 18 to 20 brands being advertising at any one time, 14 to 15 typically are mature.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$12,127	$10,810
Newspaper	400	1,369
Newsp. supp.	726	1,101
Bus. pubs.	115	138
Network tv	55,655	60,083
Spot tv	16,119	11,408
Network radio	1,090	1,425
Spot radio	335	1,095
Network cable	1,988	250
Total measured	86,176	88,712
Unmeasured	74,826	77,029
Total	161,002	165,740

GILLETTE CO.
Prudential Tower Bldg.
Boston, Mass. 02199
(617) 421-7000

ADVERTISING SERVICE DIVISION

Brian McFarland, vp
Thomas A. Lux, dir spot/print/barter/new technologies
Allen K. Gibbs, dir-media services
Ronald Harding, dir-tv commercial production
Howard Fisher, dir-tv-network buying
Robert J. Evans, dir-promo services

SAFETY RAZOR DIVISION

Marketing Personnel

Derek W.F. Coward, vp-mktg
Joseph H. Crist, mktg mgr-disposable razors
Robert Leger, mktg mgr-permanent refillable razors
W. Scott Roberts, vp-sales

Advertising Agencies

BBDO, New York—Atra, Good News!, Pivot, Trac II, Atra Plus—Ken Rodgers, exec vp-sr mgmt rep; Michael Paxton, sr vp-mgmt super; Phil Dusenberry, vice-chmn of the board, exec creative dir; Ted Sann, exec vp-creative dir; Harvey Hoffenberg, sr vp-assoc creative dir; Lenny Kraus, acct coord; Helen Ie, acct exec, Good News!, Pivot, Atra.

Lowe Marschalk, New York—Daisy—Andrew Langer, president; John Lucas, assoc creative group head; Stan Katz, vp-acct super; Barry Linsky, exec vp; Jim Overend, acct exec.

PERSONAL CARE DIVISION

Marketing Personnel

Robert W. Forman, vp-mktg
John Darman, mktg mgr-styling aids, shaving preps
Carole Johnson, mktg mgr-deodorants, antiperspirants
W. Gage Heath, mktg mgr-new prods & skincare
Linda B. Keene, mktg mgr-shampoos & conditioners

Advertising Agencies

N W Ayer, New York—Adorn, Body Flowers, White Rain, Mink Difference, Super—Janet Keller, sr vp-mgmt super.

BBDO, New York—Soft & Dri, Dry Look, Dry Idea—Anthony Bressia, vp-mgmt super.

Lowe Marschalk, New York—Trac II and Foamy shave creams, Foamy gel, Bare Elegance moisturizing soap, Tame, Toni, Brush Plus—Li Panettiere, vp-mgmt super.

Young & Rubicam, New York—Right Guard, 7-Day shampoos and rinses, Silkience shampoo and conditioner—Ed Lebar, sr vp-mgmt super.

PAPER MATE DIVISION

Marketing Personnel

Carmen A. Comite, vp-mktg
Michelle Stacey, mktg mgr-new prod/new business
J.A. Morrison, prod mgr-porous pens & Accu-Point
Jay Colletti, prod mgr-ball Pens & Eraser Mate
Scott G. Searle, sr prod mgr-Stick Pens, Markers & Rollersticks
Dick Cantwell, sr prod mgr-Liquid Paper & pencils

Advertising Agencies

Hill, Holliday, Connors, Cosmopulos, Boston—Liquid Paper, safety razor, new prods, Paper Mate trade ads—Pat Coutts, mgmt super; John Riley, acct super.

McCann-Erickson, New York—Paper Mate ball-point pens, Eraser Mate, Flair porous prods, Accu-Point, Sharpwriter, Advancer, Rollersticks—Ian Hooper, sr vp-mgmt rep; Larry Coppersmith, acct super.

JAFRA COSMETICS INC. (USA)
Westlake Village, Cal.

Ronald E. Clark, president

Rank **58**

Goodyear Tire & Rubber Co.

Akron, O.

($ in millions)

Worldwide	1985	1984	% chg
Sales	9,600	10,241	(6.3)
Net income	412	411	0.2
U.S.	**1985**	**1984**	**% chg**
Sales	6,437	7,032	(8.3)
Operating profits	640	648	(0.5)
U.S. advertising	149	158	(5.8)

Goodyear Tire & Rubber Co., which had flat sales in 1985, retained its place as the world's largest producer of tires and rubber products. It is also known for its blimps, which were prominent in London and Philadelphia for the Live Aid anti-famine concerts. Goodyear says the concerts gave it the "widest exposure in blimp history."

What is less known about the company is the venture into aerospace, a field which brought Goodyear a 12th straight year of growth. The company in '85 obtained two major government contracts: one, for the development of a weapons system for the Air Force's F-15E jet fighters and the other, for upgrading anti-submarine training targets. It is also engaged in a field for uranium enrichment. The aerospace sector accounted for 7% of sales last year and 11% of operating income.

But tires remains its mainstay. Goodyear reports that tires and other transportation products made up about 81% of its net sales in 1985 and 72% of operating income.

This year, Goodyear introduced the Eagle GT-4, a tire it touted as having been tested on the race track and developed for it. Think of what it can do on the street—Goodyear seems to be saying, if it did so well on the track.

Harry Willis, an analyst with McDonald & Co., Cleveland, says best estimates are that Goodyear controls about 34% of the original equipment market; that is, the tires put on new cars at the plant. In the replacement field, he says, the figure is about 31%.

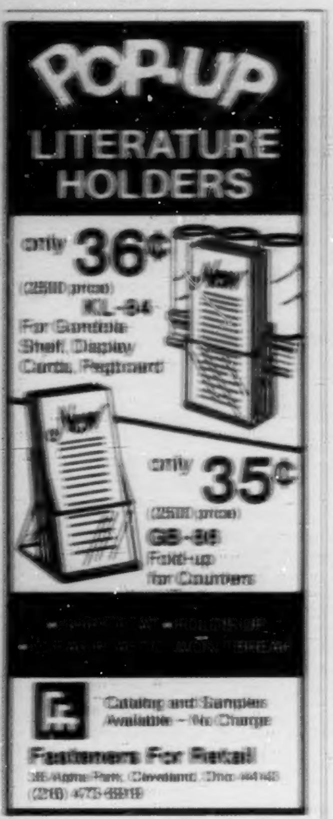
Goodyear's corporate image ads urge the public to buckle seat belts, to refrain from driving drunk and to keep vigilant about one's health.

Of Goodyear's $46.4 million in measured spending tracked by Leading National Advertisers, $30 million went in support of tires, down 17.1%; $1.7 million backed air springs, up 115%; $7.4 million supported service stores, up 18.2%, and $4.2 million supported corporate general promotion, up 89.5%.

Goodyear made major shifts in its media mix, increasing network radio to $5.4 million from only $1 million in 1984, and magazines rose 74.2% to $11.8 million. Network and spot tv dropped as a result—network to $17.8 million, down 34%, and spot to $7.8 million, down 25.7%.

Goodyear also last year devised an eight-market test of long-form "infomercials," to see if they could be more effective than 30-second spots. These ads, instructions on how to buy tires, ran on cable systems.

Goodyear's net income for the first six months of this year was down a whopping 76%, largely because of a $110.3 million after-tax charge for a writedown of oil and gas reserves. It is spending about $490 million, the larg-



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est investment in its history, to build the "All American" pipeline from the California coast to the Texas Gulf Coast. The 1,750-mile project will be the first crude oil transportation pipeline to link the west and Gulf coasts.

Goodyear's Celeron Group ranks 22nd, according to the company, among the nation's independent operators in crude oil reserves. It is 44th among independent and major integrated oil companies in total reserves for '85, up from 51st the year before.

In the first six months of the new year, Goodyear Tire & Rubber had net income of $41.3 million after the writedown, declining from $175.4 million in 1984. First half sales were $4.98 billion, up 4.8%.

Goodyear recently announced its plans to double its capacity to make polyester resin, used in packaging for frozen dinners, soft drinks, tennis balls, cooking oils, toothpaste pumps, coffee creamer containers, cosmetics, pharmaceuticals and liquor.

The company will invest $30 million in a plant in Pt. Pleasant, W. Va. It thinks demand for polyester resin will more than double—to 1.5 billion pounds—by 1988. Campbell's line of Swanson Frozen Dinners was using aluminum trays, but has switched for many of its entrees to trays made of Goodyear's crystallized polyester resin. The company's vp and general manager, polyester division, says another bonus is that the resin's products are recyclable.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazines	$11,077	$6,613
Newspaper	32	71
Bus. pubs.	1,884	1,701
Network tv	17,781	26,957
Spot tv	7,781	10,457
Network radio	3,363	999
Spot radio	469	732
Outdoor	102	713
Network cable	495	609
Farm pubs.	440	331
Total measured	46,353	49,186
Unmeasured	102,952	109,238
Total	149,305	158,423

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Akron, O. 44316
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Marketing Personnel

George E. Lenox, vp
James K. Devoe, dir
David G. Clark, dir-intl adv
Donald J. Brady, dir-Canada
Jack R. Houlette, dir-creative adv
James W. Newsome, mgr-auto tires
Norbert J. Drol, mgr-truck & farm tires
Davis W. Jones, mgr-retail adv
Charles P. Lehman, mgr-regular adv programs
James T. Wimming, mgr-chemicals, CII-SP aerospace
David G. Oby, mgr-individual prods & films
Grant R. Erikson, mgr-audio-visual center
George S. Dropp, mgr-adv operations & budget control
William L. Newkirk, vp-pr
Leonard R. Elms, corp image adv mgr

Advertising Agencies

Brouillard Communications—corp adv—Doug Longmire, sr vp-group acct dir; Cal Crouch, vp-acct super; Terry Hill, sr vp-exec creative dir.

J. Walter Thompson USA, New York—U.S. prod adv—Steve Bowen, mgmt dir; Peter Huntley, acct dir; Linda Tomlinson, Howard Pickett, Robert Losi, Edward Powell, Bill Haverback, acct supers.

McCann-Erickson, New York—intl adv—Peter J. Kennedy, worldwide mgmt dir.

Grand Metropolitan plc

Rank: 43

London, U.K.

($ in millions)

Worldwide	1985	1984	% chg
Sales	7,070	6,419	10.1
Net income	375	351	7.1

U.S.	1985	1984	% chg
Sales	2,270	1,897	19.6
Operating profits	N/A	N/A	N/A
Advertising	177	175	1.2

Division sales	1985	1984	% chg
Pet foods	336	285	17.9
Soft drinks	289	238	21.4
Cigarettes	688	709	(3.2)
Fitness	48	39	15.0
Paddington	N/A	240	N/A
Carillon	N/A	85	N/A

GrandMet USA, the U.S. subsidiary of Grand Metropolitan plc, London, capitalized on trends in the sagging hard liquor and tobacco markets while seeking diversification through the acquisition of several healthcare related businesses in 1985.

In support of these activities, GrandMet USA and other subsidiaries of the London-based parent increased advertising an incremental 1.2% to $176.7 million in 1985.

Subsidiary operations of Montvale, N.J.-based GrandMet USA include Alpo Petfoods; Liggett & Myers Tobacco Products; Diversified Products Corp.; Atlantic Soft Drink Co. and Pepsi-Cola San Joaquin Bottling Co., two regional soft drink bottling operations; Children's World day care provider; Pearle Health Services, and Quality Care Inc., a home healthcare company.

The latter two companies, both acquired in 1985, further lessen GrandMet's reliance on sales of tobacco products. Pearle was acquired for an estimated $386 million in September from G.D. Searle & Co. and third-party investors. Quality Care came at a cost of $125 million.

In July, 1985, the company sold Pinkerton Tobacco Co., a manufacturer of smokeless tobacco, pipe tobacco and snuffs, to Swedish Tobacco AB for $137.8 million.

GrandMet had 1985 U.S. operating income of $81 million, down 46.7%, on sales of $1.9 billion, up 18.3%, for fiscal 1985 ended Sept. 30, 1985. These U.S. figures do not include sales and operating income generated by the wines and spirits of Paddington Corp. and Carillon Importers, subsidiaries of another operating division, International Distillers & Vintners.

IDV's U.S. sales contribution is estimated at $366 million, up 18% from the previous year, but operating income is not known.

Cigarette products, providing the largest portion of GrandMet's U.S. consumer products sales volume, showed a sales decline of about 3% to $686 million.

The biggest ad outlays go to promote Alpo, which showed more than $21 million in seven media measured by Leading National Advertisers, with dry dog food and virtually all of Alpo's snack products getting higher outlays for 1985 over 1984.

Alpo canned dog food maintained its market leadership with $285 million in sales, up 10.8% from last year, according to pet food sales figures compiled by John C. Maxwell, analyst with Furman Selz Mager Dietz & Birney, New York. Alpo beef-flavored dinner jumped from sixth to fourth place among 150 market brands on sales of $91 million, up nearly 16%. Alpo dropped its spending on canned dog food by 51% to $5.3 million from $10.8 million in 1984.

Part of Alpo's increase in sales and market share can be attributed to its decision to merge a West Coast dry food brand, Alamo, with the stronger Alpo brand, giving Alpo national distribution. Dry dog food, unlike its canned cousin, received measured media spending outlays of $8.5 million, up 28%.

The company also rolled out Alpo puppy food with $4.5 million in spending, mostly in magazines ($1.1 million) and spot tv ($2.7 million).

Market leader Ralston Purina Dog Chow lost ground in dollar market share as its sales declined 1% to $256 million. Ralston Purina Puppy Chow, in second place, also slipped nearly 9% to $153 million in sales, while Anderson Clayton & Co.'s Gaines Gravy Train sales slid 4% to $129 million.

Tabby, Alpo's entry in the canned cat food segment, had 1985 sales of about $4.3 million, up 38.7%. Contrary to industry rumors, Alpo has no intention of taking the Tabby brand national, says Gil Crompton, brand manager for Tabby. "We do quite well in the Northeast and Southeast where we have distribution. The cat food business is highly competitive right now. Our strength is in dog food. We won't get into a business until we know we can market it."

Also in 1985, Alpo purchased for nearly $7.75 million a pet food packaging plant in Pascagoula, Miss., from Sun Coast Foods.

Measured advertising spending on Liggett & Myers cigarette brands totaled $18 million, up 11.8%. The bulk of the division's measured advertising spending, $9.9 million, was devoted to Stride, a new off-price brand introduced in the last quarter of 1984.

Spending for Eve brands was measured at about $3.6 million, down 47%. Liggett also spent nearly $500,000 to revive the L&M brand, once one of the country's most popular.

About $2.6 million was spent on Red Man chewing tobacco through the first half of the year before the Pinkerton sale.

In the early 1980s, Liggett had established a profitable business in generic cigarettes. To fend off inroads made by Brown & Williamson's generic entry, in 1985 Liggett resorted to a $500,000 advertising and promotional campaign. The previous year, it sued B&W, contending that B&W's "O" top seal imitates the "Q" quality seal on the Liggett & Myers product.

Primarily because of competition in the generic market, Liggett & Myers' share of the total cigarette market fell from 5.7% to 5% in 1985, according to a market survey by Mr. Maxwell. Generics were Liggett's biggest seller with a 3.4% market share, off 16% from 1984.

L&M, despite a 14.5% decline in unit volume, held steady with a 0.3% share, which still shows considerable progress from the 0.1% share it had in 1981. Eve, which peaked at a 0.4% share in 1983, held a 0.3% share, while Lark, with a 13.9% decline in unit volume also had a 0.3% market share. Chesterfield Kings rested at a 0.3% share, with Chesterfield lights at 0.1%, after a 10.7% decline in unit sales.

Liggett & Myers is sixth among major cigarette producers, far behind Philip Morris, which has a 35.9% market share. R.J. Reynolds was second with 31.6% of the market followed by Brown & Williamson, 11.9%; Lorillard, 8.1%, and American Tobacco Co., 7.5%.

Diversified Products Corp., which manufactures fitness equipment under the DP "Fit for Life" trademark, suffered a substantial decline in sales from 1984's record levels, according to GrandMet, which does not break out DP's results.

DP's measured advertising reflected this decline as it fell 16% to $6.3 million. The company continues promotional spending, such as sponsorship of touring professional golfers.

Pearle and its subsidiary operations spent $17.6 million in measured media in 1985, all of it on tv, compared with $15 million in 1984.

Grand Metropolitan's International Distillers & Vintners operates two U.S. importing and distribution businesses, Paddington and Carillon. IDV, while relying on its major brands, has made moves to acquire and develop products in line with the trend toward lighter and sweeter liquors. In particular, it has added to its line of cordials and cream liqueurs, as well as signing Cinzano vermouth via the parent company's acquisition of 25% of Cinzano International, Luxembourg.

Paddington, in addition to its two major brands, J&B Rare scotch and Baileys Irish Cream, handles Cinzano, Rumple Minze schnapps, Malibu rum and Sambuca Romana. Measured spending on Paddington brands totaled $10.4 million, led by $4.3 million for J&B, down 34% from 1984 levels. Spending also declined on Baileys, down 25% to $3.1 million, a steady decline from its 1982 ad support of $6.4 million.

The company created a separate operation, Morgan Furze Ltd., within Paddington to handle the marketing of Sambuca Romana and James Catto's scotch brands.

J&B ranked 11th among top selling liquor brands in the U.S., according to Mr. Maxwell. J&B had ranked 14th in 1984, but depletions declined from 2.35 million cases to 2.23 million. An international survey conducted by *Impact International* ranks J&B as the eighth most popular brand, with worldwide depletions of about 5 million cases.

With 1 million cases depleted in 1985, Baileys remains the country's top selling cream liqueur, and the 38th most popular liquor brand over-all, according to Mr. Maxwell.

Carillon, which handles Grand Marnier, Absolut vodka, Bombay gin, Le Grande Passion and Pin d'Or, spent $6.6 million in measured advertising, most backing Absolut ($2.6 million, up 50% from 1984) and Grand Marnier ($3.9 million, down 13%).

With Bombay gin, Carillon attempted to cash in on the popularity of premium gin products such as Tanqueray in a general market that has been declining by about 3% since the 1970s. Carillon spent $2.2 million on Bombay, up 57% from 1984 spending levels.

Carillon also has created a subsidiary, Caleche Marketing, to handle new brands. In 1986, it introduced Fernet Branca, an herbal-based alcoholic digestive, popular in Europe as a cure for the morning after a hard night. Caleche also imports Devauge, an upscale, French blush champagne.

In addition to measured spending, Paddington and Carillon support their products through heavy promotional spending on point-of-purchase displays and event sponsorship.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazines	$10,032	$20,752
Newspaper	7,101	12,842
Newsp. supp.	4,250	4,499
Network tv	23,787	23,784
Spot tv	16,531	12,358
Spot radio	1,200	70
Outdoor	7,200	5,246
Network cable	1,622	1,038
Total measured	91,749	80,686
Unmeasured	85,000	85,961
Total	176,749	170,647

[illegible]
[illegible]
[illegible]
[illegible]
Corporate Personnel
[illegible], chmn of the board
[illegible] W. [illegible], president-ceo
[illegible], cfo
[illegible] W. [illegible], sr vp-[illegible]
Marketing Personnel
[illegible], vp-corp devel & strategic planning
[illegible], dir-corp adv services

LIGGETT & MYERS TOBACCO CO.
Durham, N.C.
Corporate Personnel
[illegible] Cox Jr., president-ceo
[illegible], vp-finance
Marketing Personnel
[illegible], vp-sales & mktg
[illegible], natl dir-mktg programs
[illegible] McDonald, prod mgr
[illegible], adv promo mgr
[illegible], group promo mgr & prod mgr
[illegible], dir-sales admin & services
[illegible] L. [illegible], regional sales mgr
[illegible] R. Jackson, natl sales operations
[illegible], dir-purchasing
Advertising Agency
The Bloom Cos., Dallas—Eve Lights, Eve [illegible], L&M, Chesterfield, Lark, generic, [illegible] prods—[illegible], sr acct super; [illegible] Price, mgmt super; [illegible], acct super; Garrick [illegible], acct exec; [illegible], dir-planning; [illegible], group media dir.

[illegible] CORP.
Fort Lee, N.J.
Corporate Personnel
[illegible] Thompson, president-ceo
Marketing Personnel
[illegible], sr vp-mktg
[illegible] McKenna, vp-[illegible]
[illegible], sr vp-sales
[illegible], vp-sales, eastern region
[illegible], brand mgr, Baileys Original Irish Cream
[illegible], brand mgr, J&B
[illegible], group mktg dir, [illegible]
[illegible]
[illegible], mgr-sales-[illegible]
[illegible], mgr-sales-[illegible]
[illegible], prod mgr, Morgan Furze Ltd
[illegible], prod mgr, Morgan Furze Ltd
Advertising Agencies
[illegible] & [illegible], New York—J&B [illegible], Gold Label [illegible], [illegible]—[illegible]; [illegible], Baileys Original Irish Cream liqueur, [illegible]—Lawrence J. [illegible], vp-acct dir; Constantine E. [illegible], vp-mgmt super; David A. [illegible], vp-mgmt super; [illegible], acct exec.
[illegible] & [illegible], New York—[illegible]; [illegible] Sambuca Romana—[illegible]; [illegible], [illegible] Greenbaum, exec vp; [illegible], president; Ted [illegible], vp-mgmt super; [illegible], vp-media dir.
William James Advertising, New [illegible]—[illegible]—W. B. [illegible], president; Adams Briggs, acct exec; [illegible], media dir.

[illegible]
[illegible], N.J.
Corporate Personnel
[illegible], president-ceo
[illegible], vp-finance-admin
Marketing Personnel
[illegible], vp-mktg
[illegible] Pope, promo
[illegible], natl sales mgr
[illegible], mgr-mktg services
Advertising Agency
[illegible] Advertising, New York—Grand [illegible], [illegible] vodka, [illegible], La Grand Passion, [illegible], [illegible] French [illegible]—William Tragos, chmn-ceo; Richard [illegible], president; Brian Barry, vp-mgmt super; John [illegible], exec vp-mgmt super; [illegible], sr vp-media dir; [illegible], media super; [illegible], acct execs.

ALPO PETFOODS
Allentown, Pa.
Corporate Personnel
[illegible], president-ceo
[illegible], sr vp
[illegible], sr vp-operations
[illegible], vp-financial admin
Marketing Personnel
[illegible] W. [illegible], sr vp-mktg & sales
[illegible], vp-sales
[illegible], group mktg mgr
[illegible], group mktg mgr
[illegible], dir-communications & [illegible]
Advertising Agency
[illegible] Inc., Philadelphia—Alpo [illegible] & dry dog food, [illegible], Alpo [illegible], Alpo [illegible], Alpo puppy food, [illegible]—[illegible], president; Ralph Day, sr [illegible] super; [illegible], mgmt super; [illegible] food & snacks; Mark [illegible], [illegible] super, dry & puppy food; [illegible], acct super; Alpo snacks; [illegible].

sr vp-media dir; Ray Dundas, vp-assoc media dir.

AMERICAN PRODUCTS CORP.
Opelika, Ala.
Corporate Personnel
Calvin E. James, president-ceo
Buddy Pilgrim, exec vp
Ira Silverman, sr vp-fin'l
Marketing Personnel
Ira Pollack, vp-corp mktg & purchasing
James Thompson, vp-mktg & sales
Lester Johnson, mktg dir
Greg Eveland, group prod mgr
Advertising Agency
Walker & Associates, Memphis—Dennis Walker, president; Dick Rogers, acct exec.

PEPSI-COLA SAN JOAQUIN BOTTLING CO.
Fresno, Cal.
Corporate Personnel
Ron Carroll, president-ceo
Marketing Personnel
Gordon Wasell, vp-mktg & sales

ATLANTIC SOFT DRINK CO.
Columbia, S.C.
Corporate Personnel
James L. Moore, president-ceo
David A. Bush, vp-finance, cfo

Marketing Personnel
Lee Kozminski, vp-mktg
Bob Biggs, vp-operations
Ron Rymer, vp-sales

CHILDREN'S WORLD
Evergreen, Colo.
Corporate Personnel
Robert S. Benson, vp

QUALITY CARE
Rockville Centre, N.Y.
Corporate Personnel
D.A. Schwartzman M.D., chmn-ceo
G. Caren, president-ceo

PEARLE HEALTH SERVICES
Dallas, Tex.
Corporate Personnel
W.T. Sullivan, president-ceo
Marketing Personnel
Joe Dean, vp-mktg
Advertising Agency
Foote, Cone & Belding, Chicago—Pearle Vision Centers—Joan Black, sr vp-group acct dir; Bob Kuhn, acct supvr; Laura Krause, Steve Ginsberg, Judy Cecil, acct execs.

TRADITIONAL WINE IMPORTING CO.
Fort Lee, N.J.
Corporate Personnel
John Jewett, prod mgr

Rank
84

Greyhound Corp.

Phoenix

($ in millions)

Consolidated	1985	1984	% chg
Sales	[illegible]	[illegible]	[illegible]
Net income	[illegible]	[illegible]	[illegible]
U.S. advertising	[illegible]	[illegible]	[illegible]

Division sales	1985	1984	% chg
Transport svcs.	[illegible]	[illegible]	[illegible]
Transport mfg.	[illegible]	[illegible]	[illegible]
Consumer prods	[illegible]	[illegible]	[illegible]
Food service	[illegible]	[illegible]	[illegible]
Financial	[illegible]	[illegible]	[illegible]

Greyhound Corp. heavily boosted its advertising budget in 1985 as it continued a policy of shrinking its less-known divisions—scheduled bus service—while expanding its advertising-intensive consumer products divisions.

The company boosted commercial

HOW CAN YOU REACH YOUNG MEN DURING THEIR OPINION FORMING YEARS AND HOLD THEIR ATTENTION FOR LIFE.

GMAG

[illegible]

Why #2 is the #1 buy.

[illegible]

Fort Lauderdale/Palm Beach

News/Sun-Sentinel

[illegible]

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advertising expenditures by nearly two-thirds in 1985 as it incorporated the Purex products bought through the acquisition in March, 1985, of Purex Industries. Reflecting the merger, Greyhound renamed the Armour-Dial division the Dial Corp.

Greyhound chairman John W. Teets announced at the time of the Purex purchase that he would boost ad spending, and he did—from $25.5 million in 1984 before the purchase to $73.8 million, primarily on Brillo soap pads, Toss 'n' Soft fabric softener, and Purex bleach, household products and laundry detergent, according to Leading National Advertisers.

Much of the thrust in the first year of the purchase has been to combine the marketing, distribution and warehousing for Armour-Dial and Purex products, according to Katherine Stultz, vp-research for Dean Witter Reynolds in New York. The job in 1986 will be to combine manufacturing facilities, she says.

The new owners retained Purex's traditional market position as a bargain label, although packaging was redesigned "to give the products more uniform identification and to increase visibility on the market shelves," company spokesman Larry Lamb says.

Ad spending also went up for established Armour-Dial products. Measured spending for these—most going for Dial deodorant, Dial soap and Tone soap—came to $31.4 million, up 55.4%. Dial Corp.'s heaviest spending was lavished on Dial soap, which accounted for $16.4 million in measured media, up 57.4%. Dial commanded an estimated 10% share of the deodorant soap market in 1985. The division's other big performer, Tone, which had a 7% increase in sales volume in 1986, received measured media spending of $8 million, up 53.8%.

Net income for the entire consumer products group, which also includes Armour Star canned meats and other food products, rose 54%, to $41.4 million in 1985, with $10.8 million of that coming from Purex products. Without those products, net income for the former Armour-Dial division rose by 14% during the year. According to Greyhound, in 1985 Dial Corp. ranked fourth nationally in sales among laundry and household-product companies.

In 1985, the Dial division began national distribution from East Coast entry markets of Pure & Natural, a bar soap positioned against Procter & Gamble's Ivory. The company reports the soap, in its first few months of national distribution, won nearly a 4% market share. As the brand went national, measured advertising for Pure & Natural increased to $4.97 million in 1985 from $584,000 in 1984.

Imperial Leather, a premium soap that also was test marketed in 1985, did not fare as well. After disappointing results in Denver, Colo., and Grand Rapids, Mich., Imperial Leather was withdrawn from the market.

During 1986, Greyhound's consumer products division is testing several other new products, including a pump version of Dial soap and line extensions of Dutch brand items, including a detergent, bleach and fabric softener.

In late 1985, Armour Star introduced Lunch Buckets, nine entrees in plastic, microwavable packages that were test marketed in Southland Corp.'s 7-Eleven chain. The company says Lunch Buckets have performed well, and it will expand distribution during 1986. The company also is testing a new French bread pizza under the Elio's pizza label, a label that came into Greyhound's possession as part of the Purex purchase. Greyhound says it is considering extending the line into frozen Italian pasta specialties.

Greyhound's scheduled bus service remained the heart of the conglomerate. Net income for the transportation group, of which Greyhound Lines is the largest part, came to $47.2 million in 1985, compared with $41.4 million for the consumer products division.

It should be noted, however, that the $47.2 million in net income includes $19.1 million of net gains on sales of Greyhound Lines facilities. These sales were part of a continuing effort to streamline Greyhound's scheduled bus service to fit the marketplace of late 1980s. That net income compares favorably with 1984's $20.4 million, of which $4.2 million came from sales of facilities.

Such a reduction draws a positive response from analysts. "Greyhound Lines carried 33 million passengers in 1985," says Mr. Kelly, analyst with Goldman Sachs. "That number was 41 million five years ago. Even should the decline in the bus business bottom out at 20 million passengers, the company can make money serving that base if it is the appropriate size."

Greyhound Lines has been caught in severe competition on its long hauls by low airline fares. On the other hand, local bus services have cut deeply into its short-haul revenues, but it is in this short-haul business that Greyhound plans to concentrate, according to Ralph Borland, senior director, marketing. "Our natural niche is in transporting people less than 500 miles," Mr. Borland says. "All our strategies are aimed at offering the cheapest possible transportation to passengers on the shorter hauls."

Greyhound Line's most dramatic move came in May, 1986, when it split into four regional entities in an effort to compete more successfully with local carriers. The split created Eastern Greyhound Lines Co., based in New York; Central Greyhound Lines Co., Chicago; Southern Greyhound Lines Co., Atlanta, and Western Greyhound Lines Co., San Francisco.

Mr. Borland says the move will "return Greyhound Lines to its structure of the '50s, rather than the central, monolithic structure it has become. Regional carriers will bring decision-making closer to the marketplace—it can be faster and more flexible in dealing with the competition."

The newly reorganized division's first advertising campaign was launched June 23, 1986. A national "Money Saver" campaign was unveiled nationally and tied to inexpensive fares on short routes in each region. Each regional office supported the national marketing with local media buys.

A second leg of the campaign broke in July when Greyhound Lines began offering a $59 one-way Money Saver fare to anywhere in the U.S. served by the bus line. The promotion seemed as much a means to recapture business siphoned off by low airline fares as it was a reaction to a major competitor, Continental Trailways, which introduced unlimited travel on its system for $10 a day with minimum of 15 days.

Mr. Borland says Greyhound Lines advertising still is going centrally through Bozell, Jacobs, Kenyon & Eckhardt in Dallas, but each newly created regional company has its own account exec at the agency. The advertising and marketing budget have remained stable, Mr. Borland adds, noting the budget is on a scheduled reduction plan hooked to planned shrinkage in the rest of the division.

He estimates that ad expenditures for Greyhound Lines in 1985 were down by more than 20% compared with 1984. Media advertising measured by LNA showed a reduction of only 4.5% to slightly less than $4 million.

Greyhound Lines spent those dollars on highly segmented audiences, following an established policy based on research showing that the most loyal bus riders are blacks, Hispanics, college students, the military and casual travelers. Mr. Borland says Greyhound Lines plans to reach out during 1986 to yet another demographic group, the elderly, noting that "currently only 9% of our ridership is per-

Top 25 newspaper supplement advertisers

		Newspaper supplements ad expenditures			as % of co.'s
Rank	Advertiser	1985	1984	% chng	1985 ad total
1	National Paragon Corp.	$36,719	$1	N/A	N/A
2	RJR/Nabisco	35,898	39,866	(10.0)	3.3
3	Philip Morris Cos.	20,895	14,357	45.5	1.5
4	CBS Inc.	15,720	12,310	27.7	6.6
5	Batus Inc.	11,705	13,105	(10.7)	6.7
6	Franklin Mint	8,471	5,854	44.7	N/A
7	American Can Co.	6,952	5,375	29.3	N/A
8	Nutrition Headquarters	5,901	5,136	14.9	N/A
9	Brown-Forman Co.	5,339	2,997	78.2	5.7
10	GE/RCA	5,032	3,190	57.7	0.3
11	[illegible] Ltd.	5,003	1,494	235.0	N/A
12	American Telephone & Telegraph	4,990	2,874	73.6	1.0
13	F.W. Woolworth Co.	4,622	0	N/A	N/A
14	Grand Metropolitan plc	4,250	4,499	(5.5)	2.4
15	Loews Corp.	4,026	1,267	217.8	2.6
16	[illegible] Co.	3,529	2,113	67.0	N/A
17	E.I. du Pont de Nemours & Co.	3,238	3,176	2.0	2.9
18	Estee Lauder Inc.	2,931	2,455	19.4	N/A
19	Michigan Bulb Co.	2,663	3,282	(18.9)	N/A
20	Doubleday & Co.	2,655	2,727	(2.6)	N/A
21	General Motors Corp.	2,594	598	334.0	0.3
22	Dart & Kraft	2,265	1,657	36.7	0.3
23	Neutrogena Corp.	2,213	1,069	107.0	N/A
24	Chrysler Corp.	2,185	1,971	10.9	0.6
25	Procter & Gamble	2,107	2,206	(4.5)	0.1

NOTE: Dollars in thousands. Source: Publishers Information Bureau as reported by Leading National Advertisers.

le older than 65.”

Mr. Teets' background is in the services and foodservices division of Greyhound, and recent purchases seem to reflect his interest in building that division. In February, 1986, the division purchased Cassano's, a fast food pizza business based in Dayton, O. Cost was about $5 million for the $20 million-a-year business, estimates analyst Mr. Kelly.

In May, 1986, the division paid less than $10 million, Mr. Kelly says, for Aeroplex Stores from jewelry retailer Zale Corp., Dallas. Aeroplex operates 34 retail gift shops in airports and hotels throughout the country and had 1985 revenues of $60 million. Aeroplex becomes part of the Florida Export Group, which operates duty-free shops in airports and on Caribbean cruise liners. A subsidiary of the Florida Export Group, Premier Cruise Lines doubled its fleet with the launching in April, 1986, of the S/S Oceanic, which joined the S/S Royale in offering three and four-day Caribbean cruises.

ADVERTISING EXPENDITURES

$ in thousands)	1985	1984
gazine	20,915	26,501
wspaper	13,971	4,357
rm pubs.	37	0
s. pubs.	357	270
twork tv	20,786	15,476
ot tv	3,862	5,275
twork radio	14,230	8,775
ot radio	6,844	9,925
tdoor	9	93
twork cable	1,301	372
Total measured	55,832	48,319
Unmeasured	46,772	40,478
Total	102,604	88,797

GREYHOUND CORP.
111 W. Clarendon
Phoenix, Ariz. 85077
(602) 248-4000
GREYHOUND LINES
Marketing Personnel

icholas Rago, vp-mktg.
alph Boland, sr dir-mktg
ndrea Pulk, mgr-intl sales & service
ail Punyko, dir-adv
Middleton, mktg mgr
aun Crawley, mgr-prod planning
ott Timmerman, mktg dir-eastern Greyhound Lines
. Earl Perry, mktg dir-southern Greyhound Lines
illiam Stage, mktg dir-central Greyhound Lines
hester Fisher, mktg dir-western Greyhound Lines

Advertising Agency

Bozell, Jacobs, Kenyon & Eckhardt/Southwest, Dallas—Lynne Christner, group media dir; Sheryl Sandifer, assoc media dir; Brian Gardenhire, media super; Rob Bowers, media planner; Kelly lton, asst media planner. Greyhound passenger lines—Henry Lewczyk, group acct r; Jim Martin, vp-acct super; Greg Crane, ct super; Andy Day, Linda Edgerton, Sana Flippo, acct execs.

DIAL CO.
Corporate Personnel

ward J. Walsh, president-ceo

Marketing Personnel

an Marcy, sr mgr-adv
ul J. Lustig, vp-mktg, personal care & food prods
illiam F. Robertson, vp-mktg, household & laundry prods

Advertising Agencies

Conill Advertising, New York—Hispanic y. Dial anti-perspirant—Rafael W. Conill, man; Alicia W. Conill, president; Bibiana au, sr vp.

Foote, Cone & Belding, San Francisco—one soap—Robert Imel, group mgmt er; Jon Dale, vp-mgmt super.

Needham Harper Worldwide, Chicago—al soap—Gene Yovetich, sr vp-mgmt rep; ctoria Wondie, vp-acct super.

Ogilvy & Mather, Chicago—Dial anti-perspirant—Wim Bouwens, sr vp-genl mgr; e Girous, vp-acct super.

Ramey Communications, Los Angeles—ress—Cheri Ramey, president, creative r; Adrienne Lowe, exec vp; Thomas ime, exec vp, vp-acct client service dir.

---

e compressible tomato

Bilingual Canada offers Heinz a allenge to promote ketchup with a ified campaign in print, broadcast, -store material and labeling, among hers. *Ketchup aux tomates* is easily derstood, as is *jus de tomates* on the els, promoted with the slogan *une gee de nature* (a swig of nature, apopriate to Canadians who like to x tomato juice and beer). The plas- bottle carries the word, *compressible*, i.e. squeezable, something the ench apply to the female anatomy.

RANK
57
GTE Corp.
Stamford, Conn.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	15,732	14,547	8.1
Net income	(161)	1,125	(114.3)
U.S.	**1985**	**1984**	**% chg**
Sales	13,583	12,422	11.1
Operating profits	2,375	N/A	N/A
Advertising	184	100	82.3
Division sales	**1985**	**1984**	**% chg**
Telephone op.	9,980	9,085	10.1
Comm. services	1,346	1,246	8.0
Comm. prods	2,921	2,486	6.1
Electrical prods	1,886	1,853	2.5

GTE Corp. last year launched an all-out marketing push to build its Sprint long-distance service. It plowed dollars into the service—from $100.5 million in 1984 to $155.5 million, in total advertising, including a new expenditure of $4 million for Sprint long lines for business, according to LNA measured media—and attracted 70% more customers.

User base for Sprint expanded to 2.4 million residential and business users by April, 1986. But that expansion, with its increase in marketing expenses, added to higher access charges for connections to local telephone exchanges and the depreciation of Sprint, contributing to an operating loss of $245 million for GTE's communications services group, compared with a gain of $67 million in 1984.

On the companywide books, GTE took a $1.3 billion after-tax charge on 1985's financial results because of moves involving Sprint and a proposed joint venture with Siemens AG of West Germany.

Then in January, 1986, GTE merged Sprint and GTE Telenet with United Telecommunications Inc.'s voice and data operations to form a new company, US Sprint Communications Co., based in Westwood, Kan.

US Sprint went into operation July 1 with a 4% share of the $50 billion long-distance market, behind AT&T's 83% and MCI's 8%. While its share of market is still relatively small, the new company has a technological boost through combining both companies' experience and investment in fiber optics and digital switches. Tv spots which broke in August as part of a $100 million advertising effort came from J. Walter Thompson USA, San Francisco, previously Sprint's agency.

Over-all GTE went after the spot markets in 1985. Among the 10 measured media, the total of which was up 51.8%, GTE doubled its spot tv spending to $57.2 million, from $28 million, and increased its spot radio to $8 million from $4.4 million in 1984. Network tv dipped 12% to $14.7 million.

Philip C. Stevens, director of corporate advertising, says following Sprint's departure "you'll see our numbers go way down." He expected no

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Hanes
Beyond the Ordinary

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major shifts in advertising for remaining operations. A campaign for GTE's telephone companies moved into a new phase with the theme "Quality service from quality people."

Robert Morris, analyst with Prudential Bache, San Francisco, says, "The main thrust seems to be with the phone companies. They are concentrating on where they've had their successes. Phones and telecommunications are not bad businesses to be in. GTE is really going through a transition back to what it knows best."

In fact, its strong communications products segment (digital switching, PABX systems, transmission and phone equipment), which accounted for 17% of total sales in 1985, tripled its pretax profit on a 10% sales increase in the second quarter of the current fiscal year, while communications services group (largely Sprint) had an operating loss of $50 million. Over-all GTE profit for the quarter rose 8.3% to $308.6 million, on sales of $4.2 billion, up 7.5%. For the half, profits were up 6% to $591.5 million, on sales of $8.15 billion, up 7.9%.

GTE's major advertising items after Sprint is its ongoing "Gee! (No, GTE)" corporate campaign. Measured spending in 1985 was $17.5 million, up 16.7%. Mr. Stevens says the campaign has moved into a more pragmatic, products-and-services stage beyond name recognition.

GTE boosted ad spending on Mobilnet, which operates cellular mobile radio telephone systems in nine metropolitan areas, from $188,000 to $1.8 million in 1985, according to LNA.

Mobilnet is part of GTE's largest segment—telephone operating group. The group accounted for $2.93 billion (up 12.4% from 1984) out of total operating income of $2.98 billion in 1985, on an increase of 10.1% in sales.

Other areas showed declines in ad spending. Phone Mart retail stores declined in spending from $2.5 million to $437,000; spending on GTE telephones fell from $2.1 million to $587,000.

In the new products arena, GTE's electrical products segment made improvements in its soft-white incandescent light bulbs, raising life span 5% without decreasing light output. A major advertising campaign for the Sylvania brand name used the Mr. Light character.

Spending on Sylvania brand home light bulbs jumped to $6.5 million from $3.7 million. Using the line, "Where the best comes to light," the Mr. Light campaign will continue at the same spending level, says Joseph F. Belle Isle, vp and corporate account supervisor at the agency of record, Doyle Dane Bernbach.

In other joint ventures, GTE and Siemens AG of West Germany announced in July an unnamed new venture, with 80% Siemens ownership, that would involve GTE's transmission systems and public switching and business systems in the U.S. and abroad. GTE also has formed a joint venture with Fujitsu Ltd. of Japan to market both companies' private branch exchange equipment here and abroad. Operations will begin in January.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$30,892	$16,017
Newspaper	13,665	11,631
Bus. pubs.	4,402	2,398
Network tv	14,625	16,677
Spot tv	37,244	20,003
Spot radio	7,965	4,377
Outdoor	297	185
Network radio	172	168
Total measured	109,262	71,456
Unmeasured	44,344	29,001
Total	153,606	100,457

GTE CORP.
One Stamford Forum
Stamford, Conn. 06904
(203) 965-2000

Corporate Personnel

Theodore F. Brophy, chmn-ceo
James L. Johnson, president-coo

Marketing Personnel

Edward C. MacEwen, vp-corp communications
Philip C. Stevens, dir-corp adv & mktg communications

GTE TELEPHONE OPERATIONS GROUP

James L. Broadhead, president
Henry W. Donaldson, vp-mktg & business planning
Richard L. Sherman, vp-mktg, GTE Mobilnet

GTE DIVERSIFIED PRODUCTS GROUP

Corporate Personnel

Allan L. Rayfield, president-coo
James W. Lucier, dir-mktg, consumer communications prods div
Thomas Ryker, mgr-adv/merch, consumer communications prods div
Geoffrey Pickard, vp-public affairs, diversified prods
Stewart L. Burge, vp-communications, communications systems
Vincent D'Alessandro, vp-public affairs, GTE electrical prods

Advertising Agency

Doyle Dane Bernbach, New York—Lawrence J. Iannuzzelli, exec vp; Denis P. Crosley, group sr vp-mgmt super; Joseph McFarland, vp-mgmt super, telephone operations; Joseph F. Belle Isle, vp-acct super, corp; Nancy Brett, vp-mgmt super, diversified prod & services; James G. Cole, vp-acct super, telephone operating group.

Rank **95**

Gulf & Western

New York

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	3,080	2,667	15.5
Net income	234	227	3.1
U.S.	**1985**	**1984**	**% chg**
Sales	2,881	4,087	(29.5)
Operating profits	298	393	(24.1)
Advertising	82	95	(13.8)
Division sales	**1985**	**1984**	**% chg**
Entertainment	1,014	1,207	(16.0)
Financial services	1,413	1,174	20.4
Publishing & info.	662	285	132.2

When Gulf & Western dropped "Industries" from its corporate name this past year, it signified the completion of a far-reaching restructuring program inaugurated by G&W chairman-ceo Martin S. Davis in 1983 to focus the company's operations in financial services, publishing and information services and entertainment.

Total advertising figures for 1984 and 1985 are revised to reflect the sale of G&W's consumer and industrial products group to Wickes Cos. in September, 1985. The sale, for $1 billion in cash and the assumption of $73 million in long-term debt, included clothing licenses under the Calvin Klein, Liz Claiborne and Jonathan Logan labels and Simmons mattresses, automotive parts distribution and manufacturing, and accounted for approximately 50% of its measured ad spending.

Gulf & Western's net earnings for fiscal 1985 totaled $234.3 million, up compared with $227.2 million in fiscal 1984, excluding income from the sale of securities that contributed an additional $32.7 million to 1984 earnings. Fiscal 1985 results included earnings of $129.6 million from continuing operations and $104.7 million from discontinued operations (principally the consumer and industrial products group). The prior year's net income included earnings of $123.1 million from continuing operations and $104.1 million from discontinued operation.

During 1985, G&W's financial services group reported another stellar performance. Comprised of Associates First Capital Corp., whose principal operating subsidiary is Associates Corp. of North America (The Associates), the nation's third largest independent finance company, the financial services group reported a 29% increase in operating income to $232 million in fiscal 1985 as gross revenue (not consolidated with G&W's sales total) increased 20% to $1.4 billion. Those gains continued into the first half of 1986, with strong gains coming from the consumer lending and commercial finance activities.

G&W's purchase of Prentice-Hall, the nation's largest publisher of college textbooks and a leading publisher of business and professional materials, for about $710 million in December, 1984, and its June, 1985, purchase of Ginn & Co., a leading elementary and high school textbook publisher, for about $100 million, enabled G&W's publishing and information services group to hold leadership positions in most of the major industry segments. G&W's publishing and information services group was formed in March, 1985, and it now comprises Simon & Schuster and its family of companies.

Publishing and information services made up of six operating units—trade, reference, higher education, school, professional information and international—had operating income of $79.5 million on net sales of $663.6 million in fiscal 1985, compared with $31.6 million and $285.7 million, respectively, the prior year. Net sales in fiscal 1986 are expected to approach $1 billion, reflecting the operations for a full year of Prentice-Hall and Ginn & Co.

Simon & Schuster plans to broaden the variety of products it offers and the number of customers served through planned internal growth as well as acquisitions. In the first six months of fiscal 1986, the group generated $379.4 million in revenues, up 18% from $321 million the prior year. Operating income rose 62% to $23.8 million.

Paramount Pictures is the main attraction in G&W's entertainment group and is the one big-ticket advertiser remaining onboard after G&W's restructuring. Paramount owns one-third of the USA Network, an advertiser-supported basic cable tv service, and publishes music through its Famous Music Corp. The group's other business segment includes among others Madison Square Garden Corp., which operates Madison Square Garden Center, its professional sports teams and MSG Network, the country's oldest and largest regional cable tv sports network.

G&W's entertainment group was unable to match the group's record-breaking fiscal performance generated by four motion-picture box office hits in fiscal 1984. With only one comparable success in fiscal 1985 and because of the adverse impact of videogames operations that have been shut down, the group's operating income declined 37.7% to $68.5 million as sales dropped 16.7% to $1 billion. Aside from the rest of the group, Paramount's own operating income was $77.8 million, compared with 1984's record $110.5 million. Sales amounted to $916 million, compared with $1 billion the previous year.

Madison Square Garden provided results almost equal to last year's performance, but the videogame operations of Sega Enterprises, now closed, caused a substantial deficit.

Paramount has several major features in production and plans to release 16 to 18 films in fiscal 1986, compared with 12 in fiscal 1985.

Total measured media spending for Paramount movies in 1985 was $23 million, up 11.6% from 1984. While most releases in its 1985 repertoire received about $1.5 million in measured media backing, "Young Sherlock

Top 25 business/industrial advertisers

Rank	Advertiser	Business pub. ad expenditures 1985	1984	% chng	as % of co.'s 1985 ad total
[illegible]	American Telephone & Telegraph	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	International Business Machines Corp.	14,976	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	E.I. du Pont de Nemours & Co.	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Hewlett-Packard Co.	9,179	7,706	19.1	39.1
7	Texas Instruments	6,459	N/A	N/A	N/A
8	Eastman Kodak	6,048	4,576	32.1	2.4
9	ITT Corp.	5,668	1,474	284.5	3.8
10	Time Inc.	5,529	919	501.6	3.5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Tektronix Inc.	4,429	N/A	N/A	N/A
17	Digital Equipment Corp.	4,426	N/A	N/A	N/A
18	Matsushita Electric Industrial Co.	4,268	4,187	1.9	5.0
19	Caterpillar Tractor Co.	3,838	N/A	N/A	N/A
20	Hearst Corp.	3,787	594	537.5	N/A
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NOTE: Dollars in thousands. Source: Rome Reports and *Business Marketing*, a Crain Communications publication.

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"Holmes" got $2.5 million and "Witness" received $2.1 million.

Except for "Beverly Hills Cop" and "Witness," revenues from fiscal 1985 releases were disappointing, with "King David" and "Explorers" both incurring major losses. According to *Variety*, "Beverly Hills Cop," released in December, 1984 grossed a total of $235 million at the box office, placing it ninth on the list of all-time hits. "Witness," a February, 1985, release with Harrison Ford, grossed $68 million at the domestic box office. Record results from Paramount's tv operations were more than offset by a decline in motion picture revenues.

The group's tv operations benefited from a strong network production schedule, which included "Cheers," "Family Ties," "Webster" and "MacGyver." Syndication revenues from "Happy Days," "Bosom Buddies" and "Star Trek," in addition to gains in home video, pay tv and the international tv distribution of "Raiders of the Lost Ark" also contributed to the segment's gains.

G&W's entertainment group's revenues for the first six months of fiscal 1986, which ended April 30, declined 16% to $519.8 million while operating income rose 36% to $57.3 million. The earnings reflected the favorable impact of the marketing by the motion picture division of a first-run portfolio package of 25 feature films for tv syndication, the continued growth of the home video operations which benefited from the releases of "Witness" and "Teen Wolf," among others pictures. The earnings increase also reflects the recognition of license fees for "Flashdance" and "48 Hours," the home video release of "Beverly Hills Cop" and the improvement of the Canadian theater operations because of higher concession sales and lower operating costs.

These improvements over the first six-month period more than offset the decline from the motion picture division because of the lack of a comparable blockbuster to "Beverly Hills Cop" in the prior period.

Paramount's early 1986 releases of "Pretty in Pink," with box office grosses totaling over $40 million, and "Gung Ho," with box office results of $37 million, spurred the motion picture division's stronger gains. With the release of "Top Gun" in May ($119 million by mid-August) and "Ferris Bueller's Day Off" ($58 million by mid-August) *Variety's* Art Murphy has identified Paramount the industry's leader, capturing 16.5% of the moviegoing audience. "Top Gun" may be the biggest hit of the year.

In 1986, Paramount Home Video entered the 8mm video marketplace through a nonexclusive distribution agreement with Sony Corp. of America; Paramount purchased 28 screens of the Trans-Lux theater chain for about $15 million; Paramount TV's international distribution division is exploring international rights sales of Madison Square Garden-owned tv properties. In April, 1986, G&W announced plans for the construction of a new Madison Square Garden one block south of the new Jacob Javits Convention Center. Completion date will be fall 1990.

G&W purchased Silver Burdett Co., an elementary school textbook publisher, from SFN Cos., Glenview, Ill., for about $125 million in March, 1986. In May, 1986, S&S combined Silver Burdett and Ginn & Co. into Silver, Burdett & Ginn, which will consolidate all K-8 publishing operations. Simon & Schuster has acquired Van Nostrand Reinhold's general interest trade titles in nine categories. In March, 1986, G&W sold its Deltak and Resource Systems International units, which provide training programs for industry, to National Education Corp., Newport Beach, Cal., for $100 million.

The Associates formed a new affiliate, Associates Real Estate Financial Services Co., to market the company's residential real estate activities. In May, AmeriTrust Corp., Cleveland, purchased the lending division of Associates Commercial Corp. Terms of the sale were not disclosed.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$55,227	$55,331
Newspaper	22,250	27,788
Newsp. supp.	192	122
Bus. pubs.	1,777	395
Network tv	186,622	204,775
Spot tv	180,077	221,159
Network radio	30,077	11,810
Spot radio	11,649	308
Outdoor	198	773
Network cable	2,948	11,076
Total measured	511,317	597,798
Unmeasured	30,584	35,301
Total	622,101	955,295

GULF & WESTERN
1 Gulf & Western Plaza
New York, N.Y. 10023
(212) 333-7000

Corporate Personnel

Jerry Sherman, vp-corp communications

ENTERTAINMENT GROUP
PARAMOUNT PICTURES CORP.

Corporate Personnel

Deborah Rosen, vp-corp communications

MOTION PICTURE GROUP

Marketing Personnel

Barry London, president-mktg & dist
Sidney Ganis, president-worldwide mktg
Martí Wheeler, exec vp-worldwide mktg
Martin Kutner, exec vp-intl mktg & dist
Thomas Campanella, sr vp-natl adv
Nancy Goliger, sr vp-production/mktg
Kathy Jones, sr vp-domestic publicity & promo
Susan Pile, sr vp-publicity & promo, West Coast
Robert Dorfman, sr vp, East Coast publicity & adv
Paul Crystal, vp-mktg admin
Leslie Pound, vp-intl mktg & dist

TELEVISION GROUP

Marketing Personnel

Hollace Brown, vp-adv & sales promo
Eric Doctorow, vp-sales & mktg, video dist
Steven Goldman, exec vp-sales & mktg, domestic tv and video programing
Meryl Cohen, vp-adv & promo, domestic tv & video programing

Advertising Agency

Diener/Hauser/Bates, New York—Cheryl Lodinger, sr vp-acct super; Ernie Shapiro, acct vp; Norman Trell, exec vp-media.

MADISON SQUARE GARDEN CORP.

Corporate Personnel

Jack Loftus, vp-corp communications

MSG CENTER

Marketing Personnel

Robert Goldwater, vp-mktg

MSG NETWORK

Marketing Personnel

Linda Burns, vp-mktg

Advertising Agencies

(In-house) MSG Advertising—MSG Center.

Grey Entertainment & Media—MSG

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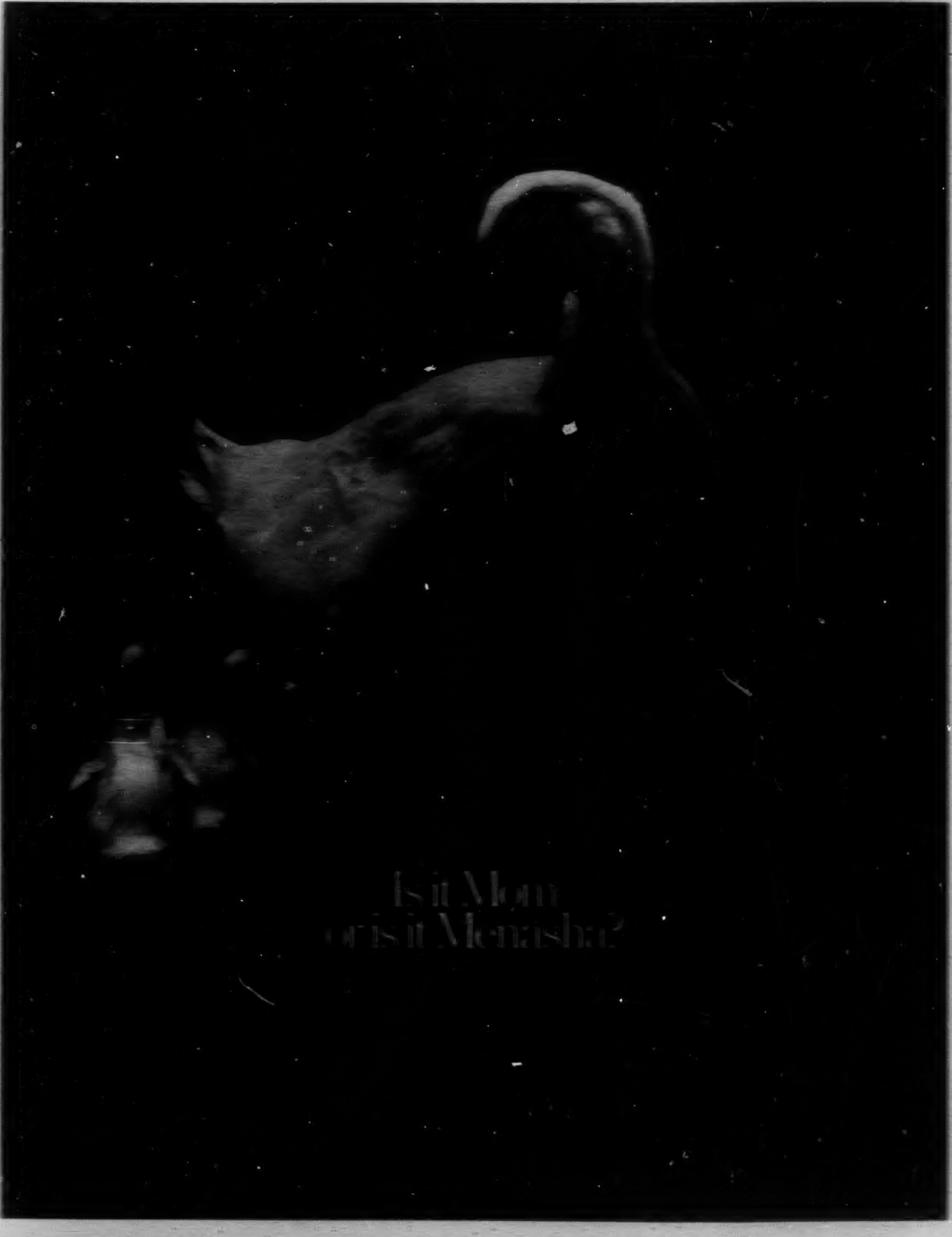
Write: [illegible]
[illegible]



Network—New York—Al Lieberman, president; Ed Kirchhoff, mgmt super; Lee Berlin, acct mgr.

PUBLISHING & INFORMATION SERVICES GROUP

SIMON & SCHUSTER

Corporate Personnel

Providence Cicero, dir-corp communications

Marketing Personnel

Jerome Lamon, vp-adv dir, trade publishing group
Amy Karmin, adv mgr, trade publishing group
Pat Cost, vp-adv dir, Pocket Books
John Rivers, vp-mktg, reference publishing group, Simon & Schuster software

Advertising Agencies

Jameson Advertising, New York—Pocket Books—Elissa Cohen, acct exec; Susan Gross, adv promo mgr.

Ogilvy & Mather, New York—Simon & Schuster software—Lisa Cylienthal, acct exec.

Franklin Spier, New York—trade book div—Alix Nelson, president-creative dir; David Cashion, acct exec; Kathleen Kelly, asst acct exec.

Sweetman & Sager, New York—general reference group—Lisa Cylienthal, acct exec; Shelley Himmelstein, asst acct exec.

FINANCIAL SERVICES GROUP

ASSOCIATES CORP. OF NORTH AMERICA

Corporate Personnel

Frederick H. Stern, vp-corp communications

ASSOCIATES CONSUMER FINANCIAL SERVICES

Marketing Personnel

James F. Wergeriet, sr vp-corp consumer mktg
Michael J. Carney, sr vp-consumer mktg

ASSOCIATES COMMERCIAL CORP.

Marketing Personnel

Clifford B. Noble, vp-corp mktg services
David F. Edwards, sr vp-transportation mktg
Robert C. Winnemann, sr vp-equipment mktg
Joe Roman, vp-communications mktg
Stephen J. Larkin, vp-fleet leasing mktg
Lee J. Crittenden, vp-corp communications

Advertising Agency

Green/Ramsey, Chicago—Greg Fedderson, acct exec; Philip Petrik, acct super.

Rank: **73**

Hasbro Inc.

Pawtucket, R.I.

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,200	719	72.2
Net income	99	52	90.3

U.S.	1985	1984	% chg
Sales	960	561	72.2
Operating profits	186	107	74.4
Advertising	113	85	33.3

Product diversity in 1985 allowed Hasbro Inc. to become the nation's leading toy manufacturer—inching ahead of longtime industry leader Mattel Corp. with $1.2 billion in net revenues.

Hasbro, which recorded revenues of only $105 million just five years ago, is made up of Hasbro toys, Milton Bradley games and Playskool (the latter two were acquired in 1984). It spent an estimated $113.4 million in advertising in 1985, up 33%, with $20 million attributed to international advertising.

In 1985, Hasbro merged its previously separate Hasbro and Playskool preschool lines into one comprehensive line. Products including Mr. Potato Head, My Buddy and Mickey Mouse Talking Phone, which previously were part of the separate Hasbro preschool division, are now a part of Playskool. All toys in this division carried the ad theme "Feeling good about the Playskool years."

In early 1986, Hasbro completed the purchase of certain assets of the Child Guidance preschool line from CBS Inc., New York. As a result, Hasbro was able to add crib activity toys and The Big Mouth Singers, Walt Disney and Sesame Street licenses to the Playskool name.

Another segment of the Playskool umbrella is the new Tommee Tippee Playskool line, which grew out of Hasbro's purchase of Glenco Infant Systems in 1983. The line was backed with $5 million in advertising support and features bibs, feeding accessories, safety items and infant wear. Print advertising for the line ran in women's service magazines, and two 30-second tv spots featured *Good Morning America* co-host Joan Lunden and tv parents Alex Karras and Susan Clark.

Hasbro introduced several new lines in its girls' division in 1985. The most successful to date is Jem—a contemporary version of Mattel's classic Barbie doll. In 1986, Hasbro promoted Jem with $7 million to $10 million in ad support and the theme "Truly Outrageous!" Jem also appeared in the form of a weekly syndicated cartoon series in 1986.

Hasbro introduced a number of accessories in 1986 to complement the Jem line. Top sellers include an fm radio/cassette player that opens up to reveal a star's dressing room, a sports car or a concert stage. Also in 1986, Milton Bradley introduced three Jem games that interweave rock music with board game play.

"Get in Shape, Girl!" a fitness program for young girls, also was introduced in 1985. The line, which consists of exercise cassette tapes, child-size exercise gear and fashionable accessories, was complemented by four new sets of gear in 1986. The line was promoted in 1985 by Olympic gymnast Mary Lou Retton.

Also in 1985, Hasbro's girls' division introduced Real Baby, a doll that has the look and feel of a "real baby," and launched line extensions for My Little Pony. My Little Pony was the No. 2 selling toy in England last year.

Hasbro's boys' division is primarily made up of two top-selling toys: G.I. Joe and Transformers.

Despite complaints from various organizations requesting that violence-themed toys be removed from the market, the G.I. Joe action figure line in 1985 represented 11% of the company's total revenues. Sales for the line were $136 million.

Though up against stiff competition from Tonka Corp.'s GoBot's, Mattel's Masters of the Universe collection and Matchbox Toys (USA) Ltd.'s Voltron, Transformers remain the leader in the transformable toy market valued at $500 million. Sales from the line more than doubled in 1985—a year after the toy's introduction. Hasbro's Transformers rang up sales of about $300 million, just over 50% of the market, according to the company. GoBots, No. 2 in sales with $130 million, gave Tonka a 26% share.

Hasbro introduced Transformers to the market with a $5 million ad campaign and a daily syndicated animated series. In 1985, Tonka spent $10 million advertising GoBots, but a series based on the toy wasn't introduced until six months after the line debuted.

Inhumanoids, a new Hasbro entry in 1986, is being supported by a $3-$5 million ad campaign, with the theme "The evil that lies within," and a weekly syndicated animated program.

Hasbro's revenues from its plush toy division was $74 million in 1985, up from $12 million in 1983 when the company acquired the Mickey Mouse, Big Bird, Miss Piggy, Kermit and Raggedy Ann properties from Knickerbocker Toy Co.

Wuzzles are plush fantasy animals that Hasbro also introduced in 1985 via a license from Walt Disney Productions. The toys combine the features of two animals and are also available in a vinyl "squeeze toy" variety, board games and puzzles.

Hasbro's Milton Bradley division introduced 35 new games and puzzles in 1985, the most popular being Bed Bugs (an action game), Last Word (a word game) and A Question of Scruples (for adults).

In February, 1986, Hasbro selected Chicago-based Needham Harper Worldwide as the company's second agency of record. Needham handles $15 million in new business assignments, including Hasbro's Christmas 1986 entry, Yakity Yaks—talking bears and monkeys with 400-word vocabularies. Griffin Bacal, New York, remains Hasbro's primary agency with an estimated $100 million in billings.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazines	23,818	22,367
Newspaper	63	2
Newsp. supp.	61	3
Bus. pubs.	224	48
Network tv	28,706	17,221
Spot tv	[illegible]	42,952
Spot radio	599	0
Network radio	1,314	103
Total measured	94,367	72,750
Unmeasured	19,008	11,296
Total	113,369	84,046

HASBRO INC.
1011 Newport Ave.
Pawtucket, R.I. 02861
(401) 727-5000

Marketing Personnel

Stephen A. Schwartz, sr vp-mktg
Alfred C. Carosi Jr., corp vp-mktg services
Deborah Boyd, dir-media services
William J. Schmidt, dir-sales promo
John A. Gildea, dir-licensing
Walter Baric, dir-mktg rsch

HASBRO TOY DIVISION

Corporate Personnel

Robert Prupis, vp, boys' toys
Maurine Souza, vp, girls' toys
Neil Friedman, vp, softies

PLAYSKOOL DIVISION

Corporate Personnel

Sharon Hartley, assoc vp, Playskool Preschool
Robert Sullennes, vp, Playskool Baby

MILTON BRADLEY DIVISION

Marketing Personnel

Lawrence I. Bernstein, sr vp-mktg
George Morris, vp-adv & pr

Advertising Agencies

BBDO-Direct, New York—all direct mktg—Marshall Barrett, sr vp-group acct mgr; Leslie Kaplan, acct super; Jim LaValle, acct exec; Steve Levy, acct mgr.

Griffin Bacal, New York—Tom Griffin, president; Joe Bacal, exec vp-dir creative services; Paul Kurnit, exec vp-client services; Leonard Lanham, sr vp-creative dir; Art Heller, exec vp-dir media services; Bob Warden, vp-mgmt super, Playskool Baby, Softies; Bob Horner, vp-mgmt super, boys' toys; Mary Sue Robinson, vp-mgmt super, girls' toys; Gordon Hunt, vp-mgmt super, Milton Bradley; Gary Wald, vp-mgmt super, intl.

Needham Harper Worldwide, Chicago—Tom Hatch, group acct dir; Ellen Dryer, mgmt rep; Tony Prizer, acct exec.

Needham Harper Worldwide, New York—Pat Dermody, acct super; Linda Lofaso, acct exec.

Rossin Greenberg Seronick & Hill Inc., Boston—licensing—Brendan Collins, mgmt super.

Rank: **32**

HJ Heinz Co.

Pittsburgh

($ in millions)

Worldwide	1985	1984	% chg
Sales	4,288	4,048	5.9
Net income	302	266	13.4

U.S.	1985	1984	% chg
Sales	2,798	2,687	3.9
Operating profits	277	237	16.7
Advertising	392	329	14.6

H.J. Heinz Co. continued its emphasis on cost-cutting and new product development, on which it spent $50 million in 1985, while celebrating 1985 as its 100th anniversary of overseas product distribution.

When it came to marketing, tradition ruled as Heinz tomato ketchup once again got the most ad support of any Heinz brand with $12.4 million in network, spot and cable tv buys, a 27% drop from 1984. Heinz ketchup rose above a 50% share of the $580 million market for the first time last year.

In 1986, the company introduced a new 64-oz. bottle, as well as Lite ketchup, a product with half the calories and one-third less salt than Heinz' reg-

Top 25 farm publication advertisers

Rank	Advertiser	Farm pub. ad expenditures 1985	1984	% chng	as % of co.'s 1985 ad total
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Ciba-Geigy Corp.	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Deere & Co.	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	E.I. du Pont de Nemours & Co.	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	American Cyanamid Co.	5,017	4,173	20.2	1.9
7	Bayer AG	4,673	3,067	52.3	4.3
8	J.I. Case Co.	4,137	5,334	(22.5)	N/A
9	Chesebrough-Pond's	3,073	4,242	(27.5)	1.9
10	Ford Motor Co.	3,026	3,115	(2.9)	0.5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Shell Oil Co.	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Stauffer Chemical Corp.	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Upjohn Inc.	2,071	2,022	2.5	N/A
17	Sperry Corp.	1,972	2,242	(12.0)	N/A
18	General Motors Corp.	1,953	1,612	21.2	0.3
19	Dow Chemical Co.	1,844	2,257	(18.3)	1.8
20	Chevron USA	1,794	1,556	15.3	N/A
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NOTE: Dollars in thousands. Source: Agricultural Marketing Information Services (AGRICOM)

INFLUENCE:

Toledo's newspaper has had a strong community influence for 150 years.

The Blade is more than a newspaper. It is a community institution . . . investing itself in the economic, cultural and political life . . . working to set priorities . . . sparking ideas . . . using its influence to help great things happen.

Linked as it is to world markets by the St. Lawrence Seaway, the Port of Toledo is Ohio's No. 1 port.

It has the largest Foreign Trade Zone on the Great Lakes.

In 1955 The Blade played a major role in the formation of the Toledo-Lucas County Port Authority. Through this self-governing entity, Toledo taxpayers hold title to property, facilities and equipment worth many millions of dollars.

The Blade's strong influence makes it an effective catalyst for community achievement. It's an influence we share with advertisers in our 14-county market. Sunday coverage, 82%; daily coverage, 67%.

THE BLADE
One Of America's Great Newspapers

541 Superior St., Toledo, OH 43660

ketchup. Ad support for the new
-calorie item was limited mostly
agazines at $19,000. Chunky ket-
r was added to the company's sauce
n January.
l spending for Heinz instant baby
in 1985 was $2.1 million, mostly
etwork tv buys, to introduce the
uct to a wider audience. Heinz in-
ced the line in 1984; the national
l came in January, 1985. During
ear, the company added 22 varie-
o the line, for a total of 45. Ana-
estimate that Heinz now holds an
share of the $850 million baby
business, ranking it No. 2 behind
er, 68%, but ahead of Beech-Nut.

addition to its instant baby food
ucts, last year Heinz also intro-
d two economy-sized baby juice
ucts, apple-cranberry and orange-
. Although competitor Gerber
ed a sales and pr setback when it
eported that glass was found in its
food jars in February, the result-
ublicity seemed to have little ef-
n Heinz baby foods.
nz' Weight Watchers Interna-
subsidiary scored 12% gains in
ass attendance and 22% gains in
ng fees. Enrollments for fiscal
eceded of 2.6 million—a 75%
of attendance for all weight-loss
s.
cording to Weight Watchers na-
marketing manager Leonard J.
on, some of the increased enroll-
can be attributed to Weight
hers' Quick Start Plus program
ced in January, 1986. In addi-
line extension—At Work Pro-
from Weight Watchers—is in a
e-digit growth phase," according
Tacconi. Last year, Heinz spent
million advertising its programs,
on spot tv, up 20% from 1984.
ently, the company is test mar-
Weight Watchers Inner Circle, a
emium-priced program that is
to eight to twelve people for an
eek period. It is being tested in
, Fla., Sacramento, Cal., Spring-
ll. and parts of Connecticut. "It
d at upscale dieters who have a
or a stronger group dynamic to
o lose weight," Mr. Tacconi
ner Circle costs about $200 for
-week series of meetings, pay-
advance, compared with the
program, which costs $7 a
lus a one time $15 registration
e new program will be made
ble in additional markets
the year.
pending for Weight Watchers
ntrees, marketed through Ore-
Foodway's National subsidiary,
11.7% to $41.8 million. The
y spent another $4.2 million to
Weight Watchers frozen des-
unveiled two new frozen des-
oducts: Weight Watchers double
er, a 60-calorie novelty, and
Watchers juice bars in three
In the fall of 1985, the com-
troduced a revamped version of
Watchers thick sliced bread in
rieties. Heinz spent $601,000
ng Weight Watchers bread in
own 14.9% from 1984.
Ore-Ida Foods subsidiary in
da., introduced a line of micro-
ble potato products into test
in 1985 and began expanding
tion in 1986. New microwave
s include 20-oz. size Crinkle
d 4-oz. Tater Tots. Ore-Ida
ates french fries with less oil.
buted nationwide and sup-
with $3.6 million in national
tv buys.
s toward more fresh potato
ption and more takeout pro-
d consumption have allowed
foodservice division sales to
offers at the expense of retail
in addition to its supermarket
potato products, Ore-Ida is fo-
introduced Vegetable Crisp, a
breaded, fried vegetable side
Varieties include broccoli, cau-
zucchini, mushrooms and a
ation pack. Testing began in
City, Oklahoma City and
and distribution is expected
ed nationally by yearend.
vegetables make up 4% of the

$500 million frozen vegetable category, with an 8% to 10% annual growth rate.

This year Ore-Ida reformulated Onion Ringers breaded onion rings, began testing beef-flavored Oven Roast potatoes in foodservice markets, and discontinued 15-oz. Crispy Crowns, 15-oz. Onion Crispy Crowns, 1-lb. Tater Tots and 14-oz. Cottage Fries because of low sales. Overall, Ore-Ida brands got $10 million in advertising and $9 million in sales promotion support for fiscal 1986, according to the company.

Star-Kist Foods took a 36% share of the canned tuna market last year, making it the industry leader. Nevertheless, ad spending for Star-Kist was down considerably to $1.7 million from $4.7 million in 1984, according to LNA.

"9-Lives canned, dry and soft-moist varieties together got nearly $19 million in measured ad spending. More than $11 million of the total was spent on the dry and soft-moist varieties. In 1984, $9.5 million was spent on 9-Lives.

According to the company, its volume for soft moist increased 49% and for chunky, 41%. 9-Lives is the top selling canned cat food in the U.S., with a 27% share of the $1 billion canned cat food market.

In an effort to bolster the company's clout in the category, Heinz last year introduced Amore brand canned cat food and supported it with a $1.4 million spot tv campaign. The spots by Leo Burnett USA feature the tag "The way to the heart is through the stomach."

Heinz is expected to introduce a new gourmet dog food sometime this year. The company won't discuss the product, but Goodby, Berlin & Silverstein in San Francisco has been hired to handle the account.

A major factor in food marketing overseas, Heinz' international operations accounted for 36.7% of total sales, up from 34.2% in 1984. Of the year-to-year international sales growth of $215.1 million, some $30 million was attributed to gains in certain foreign currencies against the dollar. International operating income rose 16.9% to $180.1 million in 1985 to contribute 32.7% of companywide operating income compared with a 31.4% contribution in 1984.

ADVERTISING EXPENDITURES

(U.S. thousands)	1985	1984
Magazine	38,125	36,114
Newspaper	1,140	2,230
Newsp. supp.	22	108
Bus. pubs.	1,727	1,203
Network tv	36,462	32,897
Spot tv	34,350	27,750
Spot radio	1,057	0
Outdoor	27	0
Network radio	1,251	1,040
Total measured	114,380	91,146
Unmeasured	117,111	137,229
Total	[illegible]	[illegible]

HEINZ U.S.A.
P.O. Box 57
Pittsburgh, Pa. 15230

(412) 237-5757
CONSUMER PRODUCTS DIVISION
John Crowther, vp
J. Berger, genl mgr. foodservice & exporting
B. Behrman, prod mgr. grocery ketchup
G. Murphy, prod mgr. 57 Sauce
SPECIALTY PRODUCTS DIVISION
William R. Johnson, vp
D. Langhorst, genl mgr. Weight Watchers
M. Milone, genl mgr. mktg
W. Sams, genl mgr. mktg services
J. Gordon, sr mgr. adv services
C. Tully, group prod mgr. new products, gravy, sauces
PACKAGED GOODS DIVISION
W. Springer, vp
R. Fisher, genl business mgr., 57, soups, beans, vinegar, sauces
R. Rossetti, genl mgr-pickles, wet baby food, foodservice
SALES DIVISION
W.Y. Castello, vp
C.E. Ferguson, genl mgr-grocery sales
J.C. Peterson, genl mgr-foodservice sales
R.M. McNamara, genl mgr-specialty sales
Advertising Agencies
Adelante Inc., New York—Hispanic adv-ketchup—R. Frost, vp.

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ESSENCE
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Leo Burnett USA, Chicago—ketchup, pickles, relishes, gravy, wet & instant baby food—T. Ross, exec vp; J. Hercovitz, vp-acct dir.

Food Group, New York—foodservice prods—D. Adlerstad, president.

Ketchum Advertising, Pittsburgh—57 & barbecue sauces, vinegar, rice prods—K. Greenaway, sr vp-group director; L. Werner, exec vp, sr.

MCA Advertising, New York—Chico San; Weight Watchers foods—Harrison MacWhinnie, vp-acct dir.

STAR-KIST FOODS
Terminal Island, Cal.
Marketing Personnel

W.H. Cossett, vp-mktg, pet foods
T.E. Sanford, genl mgr-mktg services & new prods
A. Pyrotic, vp-sales
J.T. O'Meara, genl mgr-seafood mktg
P.L. Brown, genl mgr-cat food mktg
E.S. Waetrich, genl mgr-dog food mktg
R. Wombach, genl mgr-sales devel
R. Roberts, field sales mgr

Advertising Agency

Leo Burnett USA, Chicago—Star-Kist tuna, 9-Lives cat food, Amore cat food, Jerky Treats dog treats, Meaty Bone dog snacks—R. Stern, sr vp-acct dir.

ORE-IDA FOODS
Boise, Ida.
Marketing Personnel

Geoffrey F. Sapko, vp-sales and mktg
Patrick J. Kinney, genl mgr-food services sales
David D. Bolender, genl mgr-retail mktg
W. Vince Baker, genl mgr-retail sales
Martin F. Thomas, genl mgr-sales & mktg services
Stanford P. Darger, genl mgr-convenience prods, Foodways National/Gagliardi Bros.
Douglas C. Haines, vp-sales & mktg, Foodways National/Gagliardi Bros.

Advertising Agency

Doyle Dane Bernbach, New York—Grant Roberts, group sr vp.

WEIGHT WATCHERS INTERNATIONAL
Jericho, N.Y.
Marketing Personnel

Dr. Lelio G. Parducci, vp-mktg & devel
Steve W. Fein, genl mgr-mktg svcs & devel
Leonard J. Taconi, natl mktg mgr
Cathy Wessinger, genl mgr-mktg implementation

Corporate Media Buying

SFW Media Buying Corp., New York—print media buying—David Tabin, sr vp.

Advertising Agencies

Doyle Dane Bernbach, New York—Bob Freeman, sr vp-mgmt super.

Henry Fisher & Partners—Weight Watchers print, radio—Henry Fisher, president.

Rapp & Collins, New York—direct mktg—Susan Singer, sr vp.

PIR, Toronto—Canadian agency of record.

Hershey Foods Corp.

Rank
71

Hershey, Pa.

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,996	1,848	8.0
Net income	121	109	11.3
U.S. advertising	119	96	23.3

Division sales	1985	1984	% chg
Confectionery	1,327	1,287	(11.7)
Restaurant	471	427	10.3
Other food	198	175	13.4

Propelled by record sales and operating income in 1985, Hershey Foods Corp. continued to build from its strengths in the confectionery, package food and restaurant business to become a major diversified food company.

Hershey acquired a chain of 12 Franklin restaurants in northeastern Pennsylvania, while divesting itself of sagging Cory Food Services and Cory Canada.

Even with the emphasis on diversification, Hershey's chocolate and confection business still accounted for 67% of total company sales, down only slightly from 68% in 1984. The group's operating income is even more dominant—79.7% of a companywide $267.1 million in operating income (minus general corporate expenses).

In the battle for dominance in the $8 billion confectionery market, Hershey pulled almost even with its chief competitor, Mars Inc. Hershey Chocolate Co. and Mars together hold one-third of the total confectionery market, while the top nine companies account for about 50% of the business, according to Hershey figures.

The two companies split about 70% share of the candy bar market, with Hershey climbing to an approximate 35.5% share, up from 32.4% five years ago. In the same period Mars has dropped to a 36% share, from an estimated 40%. Peter Paul Cadbury and Nestle each hold just under 11% of the bar market share.

Hershey continued its attack in the bar wars in July, 1986, when it announced a weight increase for a number of its standard bars, such as Kit Kat, Rolo, Hershey's milk chocolate, Krackel, Skor and Mr. Goodbar, while holding the line on wholesale prices.

"Cocoa prices have been behaving, so it can be expected that other producers will follow Hershey," says market analyst Leonard Teitelbaum of Merrill Lynch, New York. "The strategy of increasing size without raising price has been used before. This time Hershey is taking the lead. They see this as a way to improve consumer perception of the price/value ratio. That's sure to be better for consumer demand," he says.

Value has a strong bearing in Hershey's pitch to a more mature, value-conscious market for products such as Marathon milk chocolate rolls and Skor. They have been positioned as taste treats for adults. The Golden Premium candy line of premium bar and solitaire products was rolled out nationally in spring of 1985.

The bulk of Hershey's measured advertising spending was devoted to promotion of its confectionery lines. The company spent $67.4 million in measured media, according to seven media totals measured by Leading National Advertisers, with $62.2 million or 92% spent on promoting confectionery products. An additional $51.5 million in unmeasured advertising was spent on coupons and promotional advertising.

Measured spending increased notably on several individual products, including $18.5 million for Hershey's candy bars, up 14% from 1984; Hershey's miniatures, up 15.9% to $1.03 million; Rolo candy, up 13% to $2.15 million, and Reese's Peanut Butter Cups, up 43% to $7.5 million.

On the down side, Hershey cut back on measured spending on chocolate milk ($1.2 million). Production was discontinued in 1985 of Take Five, another adult-oriented bar, after it foundered in regional tests.

During 1985, Hershey had rough going in the estimated $438 billion granola bar market. Despite a 45% increase in measured spending (up to $6.8 million) and award-winning creative for its New Trail entries, Hershey's market share in this competitive category slipped from 7% in 1984 to 6%. Quaker Oats continues to lead with a 50% share in 1985, up from 45% to 49% in 1984. Other key market players include General Mills at 22% versus 28% to 30% in 1984; Ralston Purina, 7%, up from slightly more than 5%, along with Carnation and Kellogg, both holding steady at 6%.

The granola category has endured radical change in the product—from a crunchy, grain-based "health food," to a soft confection approaching a candy bar in taste and appearance—and Hershey appears undaunted by the product changes and stiff competition; it introduced three new chocolate-covered New Trail flavors in early 1986.

Mr. Teitelbaum says Hershey's share has moved back up to about 7% in 1986. But other producers, including Frito-Lay and Mars, are contemplating entering the category. "It's awfully crowded already. Companies will have to examine their profit margins and decide if it's really worth it to be in the category," he says.

While attracting consumer attention, it is hoped, Ogilvy & Mather's spots showing children lip-syncing '50s and '60s classics in praise of New Trail have drawn accolades stateside and in Cannes, where the campaign received a 1985 Silver Lion. Another Hershey agency, Doyle Dane Bernbach, New York, received an Effie for its work on Hershey's chocolate syrup.

Hershey made other attempts to keep its name before the public by entering into licensing agreements with several toy and children's clothing manufacturers in 1985.

Hershey-owned Friendly Ice Cream Co. celebrated its 50th anniversary in 1985 by forging ahead in its geographic expansion campaign. In addition to the acquisition of the Franklin chain, which will continue to operate under its present name and menu, Friendly added 41 new restaurants. At yearend, it operated 752 units in 17 states. Friendly, with sales accounting for 24% of Hershey, up from 23% in 1984, accounted for 11.2% of operating income. Its measured ad spending was $3.6 million, up 7%.

Though primarily concentrated in the Northeast and Midwest, Friendly, which counts on ice cream items for 40% of its sales volume, is expanding into the South. The company plans to operate 20 Friendly restaurants in the Washington, D.C., area by the end of 1986 and have another 26 in operation in central Florida by the end of 1987, a Friendly's spokesman says.

In addition to expanding the Friendly concept (an informal restaurant similar to Howard Johnson's), the company is seeking to acquire strong regional chains such as Franklin's in order to gain a broader base of customers.

Hershey Pasta Group, including American Beauty, Delmonico, Light 'N Fluffy, P&R, San Giorgio and Skinner, are the mainstays in the "other food products" category that accounted for 9% of Hershey sales and 4.1% of operating profit.

The 1984 acquisition of American Beauty pasta from Pillsbury propelled Hershey into market leadership of the estimated $852 million dry pasta market. In 1985, Hershey maintained a 16.8% market share, down from 17.2% in 1984. Other players include CPC International (Mueller's) at 15.6%, up slightly from 15.5% in 1984; Borden (Creamette, Ronco) 14.8%, up from 11.9%, and General Foods (Ronzoni) 8.8%, up from 8.7%. Over the course of 1985, Coca-Cola Co. and McKesson pulled out of the market along with Pillsbury.

Although not advertised heavily, pasta brands received measured spending of $1.5 million, up 51%. The pasta group unveiled several new products including Skinner's Lone Star pasta for sale in Texas. Rainbow Twirls was launched under the Light 'n Fluffy and American Beauty brands. Hershey also tested San Giorgio spaghetti sauce.

In November, 1985, Hershey divested itself of money-losing Cory Food Services and Cory of Canada. The subsidiaries were sold to ARA Food Services for an undisclosed price. Hershey incurred an aftertax loss of about $7 million as a result of the sale.

Hershey's cocoa connection

Cocoa beans, grown largely in West Africa, fluctuate widely in price. The International Cocoa Agreement often minimizes price fluctuations by forward purchasing and by the dealing in cocoa futures contracts. Higher prices forced Hershey's in January, 1986, to hike its retail price for a standard bar from 35¢ to 40¢.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazines	$12,424	$9,926
Newspapers	545	355
Newsp. supps.	170	0
Bus. pubs.	231	32
Network tv	32,254	33,642
Spot tv	17,229	12,645
Network radio	3,261	870
Spot radio	892	1,193
Outdoor	4	0
Network cable	1,707	485
Total measured	67,996	61,344
Unmeasured	51,000	45,000
Total	118,996	106,461

HERSHEY FOODS CORP.
100 Mansion Road East
Hershey, Pa. 17033
(717) 534-4000
HERSHEY CHOCOLATE CO.
Hershey, Pa.
Corporate Personnel

Joseph P. Viviano, president

Marketing Personnel

Jay F. Carr, vp-mktg
Anthony E. Pingitore, dir-new business devel

Advertising Agencies

Doyle Dane Bernbach, New York—Kit Kat, Mr. Goodbar, Whatchamacallit, Y&S candies, Reese's Pieces, Skor, Hershey's syrup, Hershey's chocolate milk, new prods—Peter Tate, exec vp; Brian Trefhil, sr vp-mgmt super; Richard Effman, Court Kirkley, vp-acct supers.

Ogilvy & Mather, New York—Hershey's Kisses, Hershey's milk chocolate bar, Hershey's milk chocolate bar with almonds, Hershey's baking chocolate, Hershey's chocolate chips, Hershey's cocoa, Hershey's fudge topping, Golden Almond bar, Golden Almond Solitaires, Golden III, Reese's peanut butter cups, Reese's peanut butter chips, Big Block, Rolo, Hershey's miniatures, New Trail granola snack bar, Giant Kiss, Hershey milk chocolate rolls, new prods—Michael Vaughan, sr vp-mgmt super, group dir; Gerry Lantz, vp-mgmt super; Jeanne Murphy, Michael Edmondes, Holly Bronstein, vp-acct supers.

FRIENDLY ICE CREAM CORP.
Wilbraham, Mass.
Corporate Personnel

James D. Staggs, chmn-ceo
John F. Cauley Jr., president
Joseph A. O'Shaughnessy, sr exec vp

Marketing Personnel

John W. Sauve, vp-mktg

Advertising Agency

Ingalls, Quinn & Johnson/BBDO, Boston—Don O'Dell, sr vp-mgmt super; Pat Costello, acct super; Mary D. Brown, Susan Z. Hiller, Dan Carlin, acct execs; Sally Bade, Richard Taylor, asst acct execs; Jeanne B. Brophy, coord.

HERSHEY PASTA GROUP
Hershey, Pa.
Corporate Personnel

C. Mickey Skinner, president-ceo

Marketing Personnel

Clifford C. Larsen, vp-mktg

Advertising Agency

HBM/Creamer, New York—San Giorgio, Light 'n Fluffy, P&R, Skinner, Delmonico & American Beauty brands—Albert J. Bouchard, exec vp; Gary Bernstein, Karen Perry, acct execs.

Honda Motor Co.

Rank
55

Gardena, Cal.

($ in millions)

Worldwide	1986	1985	% chg
Sales	16,115	14,880	8.7
Net income	811	772	(4.6)
U.S. advertising	156	138	13.0

American Honda Motor Co., the third leading Japanese auto manufacturer in Japan and third largest auto importer in the U.S., increased its U.S. unit car sales by 1.6% in 1985 as it funneled its largest ad expenditures into a revamped Accord line and introduced its first luxury car, the Legend.

American Honda is a wholly owned subsidiary of Honda Motor Co., Tokyo, which posted record earnings of $811 million on worldwide sales of $16.1 billion for the 1986 fiscal year ended Feb. 28, 1986. Figures for both 1986 and 1985 fiscal years were converted from yen to dollars at the rate of ¥180.55=U.S.$1.

Worldwide unit sales of Honda autos rose 9.2% to a record 1,366,000, an increase the company attributes to new model introductions and expanded overseas production. In the U.S., sales of imported Honda cars in 1985 rose to a record 416,413—155,170 of the best-selling Civics, 122,444 Accords, 75,938 Preludes and 52,861 Civic CRXs—an 11.4% jump over the 374,819 imported units sold in 1984.

The 145,976 U.S.-made units at Honda's Marysville, O., plant gave it a U.S. sales total of 552,389 units, up from a total of 508,420 cars sold domestically in 1984. The company is building a $240 million expansion onto its Marysville plant to double the capacity to 360,000 Accords and compact Civics by 1988, in line with stated

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ntentions of increasing U.S. auto sales to 1 million by 1990.

It is the U.S. production that is enabling Honda to meet its current and future sales goals in North America. Honda's auto production capacity in Japan is presently at or near capacity.

Honda is second only to Toyota in otal sales (from imports and domestic roduction) among auto importers in he U.S. General Motors, Ford and hrysler in that order still lead in ver-all domestic car sales. (Nissan eads Honda in over-all vehicle sales hen compact pickup trucks, a category in which Honda has no competitive product, are figured into the otal.)

Including its U.S.-built Accords, onda's share of the total U.S. auto arket in 1985 was 5%, up from 4.9% n 1984, third behind Toyota with .7% and Nissan at 6.1%. Mazda accounted for a 2.4% share.

onda's share of the import market or 1985 stood at 19.5%, up from 9.2% in 1984 and third behind oyota at 23.4% and Nissan at 21.3%, ollowed by Mazda at 8.4%. Imports ccounted for 27.65% of the total U.S. arket in 1985, up from 24.93% in 984, but not quite at the all-time high f 29.57% in 1982.

onda's big auto marketing effort ocuses on the revamped Accord line aunched in October, which accounted or more than $26 million in measured edia expenditures in 1985, most of it n network tv ($15.5 million) and magazines ($8.4 million). Honda showcased the Accords—five new front-wheel-drive models—in tv spots hemed "What will be" and using actor urgess Meredith as the voiceover.

rint for the 1986 models included a ve-page insert using the same theme n major newsweeklies and an array of onthly publications. National newspaper advertising was solely in *USA Today.*

onda also introduced new Civic nd Prelude models, of which the ivic accounted for $15.2 million in easured media, compared with a .1 million expenditure for Prelude.

But the big news in Honda's auto arketing came in the spring of 1986 hen the company entered the luxury egment of the market for the first time ith two upscale products from its ew Acura division. These were the egend, positioned at $19,000 to 20,000, and the Integra, a sporty atchback at $9,500 to $12,000.

The Acura campaign, budgeted at 20 million for 1986 (40% Legend and 0% Integra, with a 50/50 split between tv and magazines), began in late arch with an eight-page spread in ational newsweeklies. Prime-time pots on network tv followed just before the showroom introductions in te March. The Japanese-made cars e being sold by a dealer network that perates independently of existing onda dealerships.

onda continued to maintain its ominant position in the world motorcycle market, holding a 48.6% share of e U.S. market in 1985, down slightly om 49.7% a year earlier. It was followed by Yamaha at 16.9% (down om 20.3% in '84), Kawasaki at 14.9% p from 11.3%), Suzuki at 10.1% own from 11.2%) and Harley-Davidson at 7% (up from 5.5%).

onda also led the competition in ales of all-terrain vehicles in 1985 ith a 65.5% share, down from 70.3% year earlier. Other ATV market hares for 1985 were Yamaha, 15.8%; uzuki, 13.9%; and Kawasaki, 6.5%. In cooters, Honda also held a commanding lead with a 90% share, up from 3.7% in 1984, followed by Yamaha at .8% and Vespa at 0.11%.

The Japanese importer owns a 8.6% unit share of the combined motorcycle, ATV and scooter markets in e U.S., all of which account for total les of more than 700,000 annually. onda also is expanding its U.S. markets for lawn mowers, generators, outoard motors and power products.

Power equipment advertising, ostly in magazines, exceeded $3 million in measured media in 1985, with e creative effort concentrated on aggressive support of individual products. Ads emphasized the quality of products at the upper end of the price structure. A new tv spot featuring an intimate dinner party shows that Honda's power generator can be used by consumers other than campers.

Honda introduced its 1985 Rebel motorcycle, a small entry-level 250cc street bike priced at $1,298, with a $5 million ad push in the spring of 1985. The company followed with similar backing for a 450cc Rebel model, priced at $1,498, early in 1986. The year ended with Honda spending an estimated $20 million on motorcycle advertising, most of it in network and spot tv and magazines. Combined annual budget for motorcycles, scooters and ATVs is estimated at more than $40 million.

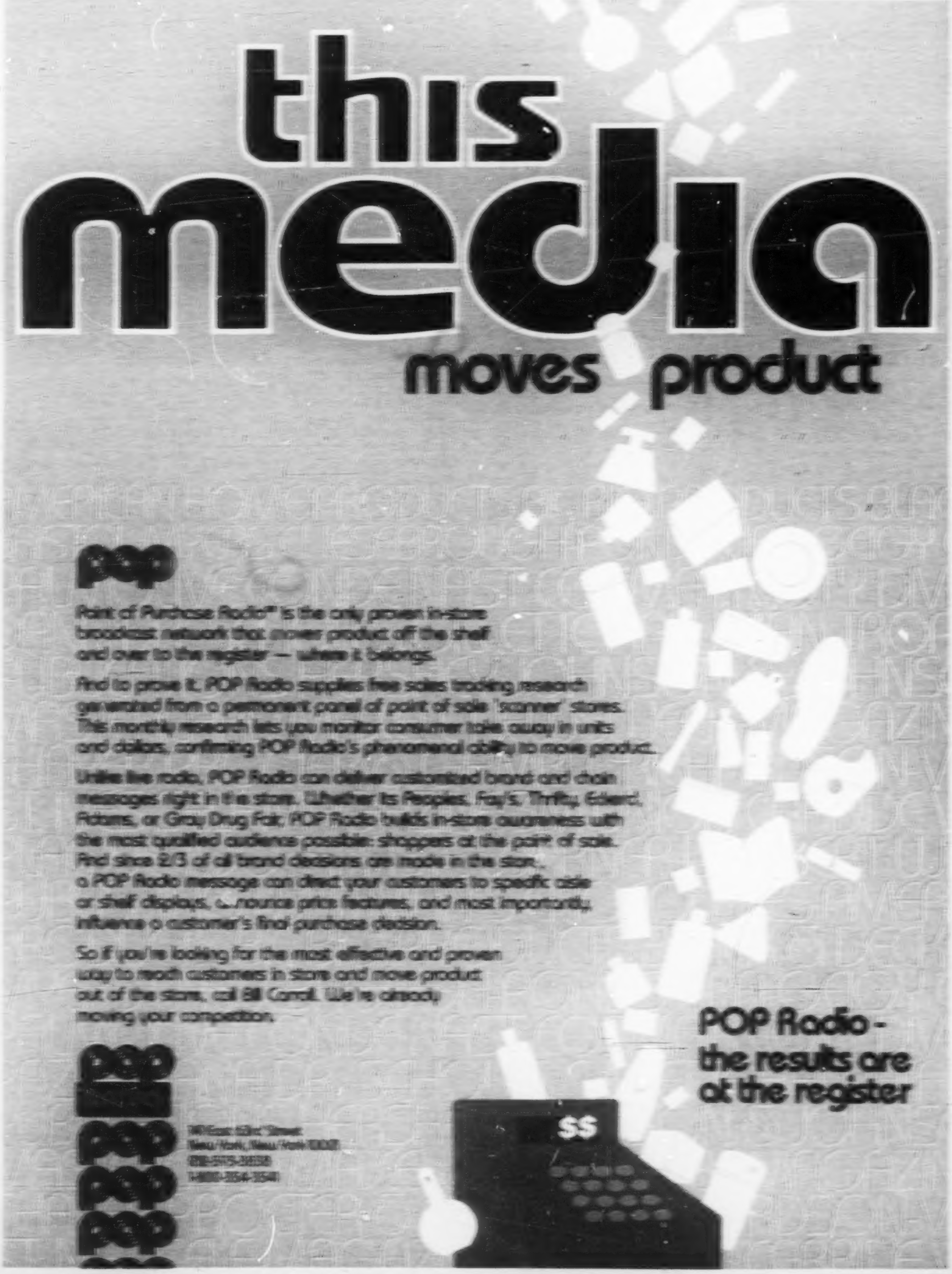
Tv was also the main support for Honda's motorized scooters, as well as youth-oriented consumer magazines, which were portrayed as hip, trendy and fashionable in a campaign featuring singer Lou Reed. Scooter advertising, estimated at more than $8 million in 1985, went even higher this year as Honda used Chicago Bears quarterback Jim McMahon, comedian Sandra Bernhard and jazz trumpeter Miles Davis in a new $10 million tv campaign to pitch Honda Elite scooters. New print and tv ads also introduced a high-end scooter, the Helix, which lists for $2,598.

Major introduction in Honda's ATVs was a new line of four-wheeled vehicles—the Fourtrax—a category that has been growing in popularity over three-wheeled models. The $3 million-plus campaign ran primarily on tv. ATVs accounted for $7.2 million in measured media in 1985.

Honda continues to invest heavily in U.S. production. Honda is building a $42 million plant in Anna, O., that will make plastic parts. The company's new $15 million lawn mower plant in North Carolina reached its full capacity of 120,000 units in July, 1985. Honda started production in July, 1985, of motorcycles at a newly constructed $30 million plant in Anna, O. It is nearing completion of a $40 million expansion to the plant to produce Civic engines by the fall of 1986.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$22,940	$19,025
Newspaper	10,231	9,001
Newsp. supp.	438	365
Bus. pubs.	269	189
Network tv	51,109	36,966
Spot tv	9,020	8,036
Network radio	2,223	2,647
Spot radio	5,881	6,736
Outdoor	90	144
Network cable	4,210	1,157
Farm pubs.	314	648
Total measured	115,920	99,083
Unmeasured	42,556	37,013
Total	158,476	136,096



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100 W. Alondra Blvd.
Gardena, Cal. 90247
(213) 327-8280

AUTOMOBILES

Corporate Personnel

Tetsuo Chino, president

Marketing Personnel

K. Amemiya, exec vp-sales
Cliff Schmillen, exec vp
T. Elliott, sr vp-operations
J. Billmyer, sr vp-sales
K. Kadowaki, vp-Acura sales
E. Taylor, Acura asst vp
Eric Conn, auto adv mgr
Kurt Antonius, pr mgr

MOTORCYCLES

Corporate Personnel

John Petas, sr vp

Marketing Personnel

Ray Blank, sr mktg mgr
Neil Leventhal, motorcycle/scooter/ATV natl adv mgr
Joe Row, motorcycle communications mgr

POWER EQUIPMENT

Corporate Personnel

Sam Okamura, vp
Terry Mulligan, asst vp

Marketing Personnel

Pat Curtiss, power equipment mktg mgr

Advertising Agencies

Dailey & Associates, Los Angeles—power equipment, motorcycles, ATVs—Don Effler, sr vp-mgmt super; Dennis Kanape, vp-acct group super. Power equipment—Roger Van Remmen, mgmt super; Dixon Head, acct super.

Kenchum Advertising, Los Angeles—Acura autos—Craig Mathiesen, president; Peter Goodwin, vp-acct super; Kevin Kitagawa, vp-acct super; Ron Buckhammer, sr vp-mgmt super; Martin Macdonald, sr vp-creative dir.

Needham Harper Worldwide, Los Angeles—autos—William Hagelstein, sr vp-group acct dir; Chuck Valentine, vp-acct dir.

Werden & Kennedy, Los Angeles—Barbara Bilitzer, acct super.

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George A. Hormel & Co.

Rank 100

Austin, Minn.

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,502	1,455	3.3
Net income	39	30	30.8
U.S. advertising	71	46	53.0

George A. Hormel & Co., plagued by a union strike that drew the National Guard to its home plant in Austin, Minn., substantially beefed up advertising and continued its transformation from meat packer to food processor.

Hormel's 1985 ad expenditures, amounting to a 53% increase over the previous year, represented the acme of annual big budget increases in advertising the past five years at Hormel, starting with $17 million in 1981. Over-all 1986 ad spending should remain near $70 million, says a company spokesman, loosely tieing advertising to profits, which already have been affected by startup costs associated with the end of the strike.

The only 1985 Hormel advertising shuffle occurred in September, when the $1 million Broiled & Browned pork sausage account was switched to Ruhr/Paragon, Minneapolis, from BBDO.

Hormel's fiscal returns—earnings that shot up 30.8% in 1985 on sales that increased 3.3%—continued strong in the first half of fiscal 1986 when Hormel net income grew 8.2% to $15.2 million on sales of $923 million, up 29.8%. However, earnings in the second quarter tumbled 26% to $5.1 million from 1985, a loss Hormel attributed to startup costs at its Austin plant.

Hormel continued to concentrate on market niches. This strategy was exemplified by the company's withdrawal from the franks mass market, returning with specialty products like chili-stuffed Frank 'N Stuff franks and coarse-ground, smoked Wranglers.

During 1985, Hormel nearly quadrupled measured network radio spending and sharply increased measured spending for network tv (up 122%), spot tv (up 122%) and outdoor advertising (up 171%). Emphasis on network broadcast, spot tv and outdoor will continue in 1986.

Although Hormel did not make any acquisitions in 1985, it contracted in July, 1985, to market meat products produced by FDL Foods, Dubuque, Ia.

The two-year pact with FDL, one of the nation's largest hog slaughterers, contains a provision allowing Hormel to buy FDL within two years. Hormel's contract with FDL was seen by most observers as ensuring hog-slaughtering capacity to replace most of its Austin plant output if 1,500 members of Local P-9 of the United Food and Commercial Workers International went on strike last August. The strategy proved correct. Union members walked out Aug. 17, 1985.

After talks stalled between Hormel and P-9 officials and the Austin plant had been closed for six months, Hormel reopened the plant in January and has hired 1,025 workers, including 500 P-9 members who crossed picket lines.

Although the P-9 strike idled Hormel's largest plant for approximately five months, the company introduced many new products in 1985-86. Hormel added Broiled & Browned pork sausage, precooked for use in microwave ovens; Gold 'n Lite frozen breaded vegetables and cheese snacks; Chunky chili; frozen catfish filets and bite-size Catfish Bobbers, marketed in 13 South and Midwest states; low-salt Spam; CountrySide salads, a line of four canned prepared salads; cheddar cheese, ham and pepperoni bits; canned chunk pink salmon, and Old Smokehouse Steak Sauce Plus, introduced in May, 1986, to slice into the R.J. Nabisco A1 and Heinz 57-dominated steak sauce market.

Most recently, Hormel introduced Frank 'N Stuff with a cheese core and is rolling national.

Workers at the plant may be able to vote whether they want to be represented by a union this year. Meanwhile, Hormel is negotiating with the Trustee for the UFCW International union in an effort to secure an honorable contract and put the labor dispute behind it.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazines	26,012	24,651
Newspapers	1,779	2,778
Newsp. supp.	98	1,905
Bus. pubs.	1,444	1,109
Network tv	6,325	2,847
Spot tv	12,200	5,548
Network radio	7,829	1,973
Spot radio	10,269	6,831
Outdoor	515	190
Network cable	262	0
Total measured	46,751	29,252
Unmeasured	23,951	16,963
Total	70,702	46,215

GEO. A. HORMEL & CO.
Austin, Minn.

Corporate Personnel

R.L. Knowlton, chmn, president-ceo

Marketing Personnel

T.J. Purcell, dir, adv & mktg services

MEAT PRODUCTS GROUP

Corporate Personnel

James A. Silbaugh, group vp

Marketing Personnel

Stanley A. Kerber, sr vp-mktg
James DiNicola, vp-sales
Kim Jenkins Sr., prod prod mgr, deli prods & direct mktg
Bob Tega, prod mgr, consumer prods deli group, Light & Lean prods, consumer pac dry sausage
Gary Emeck, group prod mgr, precooked prods, Broiled & Browned, Fast 'N Easy
Joe Swedberg, prod mgr, ham, bulk smoked meats
Gary Jones, prod mgr, prepared sausage, Frank 'N Stuff
Kurt Wheeler, prod mgr, pork
Richard Johnson, prod mgr, food service
Tom Burnhardt, prod mgr, breakfast meats, Little Sizzlers pork sausage
Mike Grogan, assoc prod mgr, deli group

PREPARED FOODS GROUP

Corporate Personnel

James Hall, group vp
Robert Patterson, vp

Marketing Personnel

Jerry Figenskau, dir-grocery prods mktg
Eric Brown, dir-grocery prod sales
Rick Bross, group prod mktg mgr
W.E. Burgmiller, prod mktg mgr, Dinty Moore, Great Beginnings, imported prods
Richard Crane, prod mktg mgr, Spam
William Huck, mktg mgr, grocery and refrigerated prods
Mark Johnson, prod mktg mgr, Mary Kitchen Hash, BBQ Sauce, Private Label
Larry Rankin, prod mktg mgr, chili, tamales, Deviled Spam, spreads, Vienna Sausage
John Waibel, prod mgr, chunk prods, short orders, vending, CountrySide salads
Marcus Dewitt, prod mktg mgr, smoked sausage, Bacon Bits, dry snacks
Robert Leavengood, natl sales & mktg mgr, retail frozen foods

Advertising Agencies

BBDO, Minneapolis—Wm. Weigold, exec vp-gen mgr; George Hernelink, sr vp-creative dir; Gary LaMaster, vp-assoc creative dir group head; Jim Lacy, vp-assoc creative dir group head. Prepared foods: Spam, chili, Chunk canned ham, Mary Kitchen, Old Smokehouse, BBQ Sauce, Bacon Bits, Gold 'n Lite, Farm Fresh catfish—Tom Keating, vp-mgmt super; Bill Lozito and Dennis Wustad, acct supers. Meat prods: Cure/81 Ham, Light & Lean prod, Little Sizzlers pork sausage, Fast 'N Easy prods, Wranglers prods, Frank 'N Stuff franks, dry sausage/deli, food service—Bob Jackson, vp-mgmt super; Wes Crawford, Jake Schroeder, acct supers.

Gioia Productions, Glen Head, N.Y.—Italian language adv—Luisa Bianchi, president.

Ruhr/Paragon, Minneapolis—Dinty Moore prods, Great Beginnings, Broiled & Browned prods—Chuck Ruhr, chairman; Bob Jones, president; Doug Lew, Jim Thacker, vp-creative dirs; George Fulton, vp-dir planning; Louise Scroggins and John Wurtfeldt, group acct dirs.

IC Industries

Rank 46

Chicago

($ in millions)

Worldwide	1985	1984	% chg
Sales	4,408	3,761	17.2
Net income	165	133	[illegible]
U.S.	**1985**	**1984**	**% chg**
Sales	2,944	2,403	[illegible]
Operating profits	389	268	[illegible]
Advertising	171	137	24.8
Division sales	**1985**	**1984**	**% chg**
Pet	807	1,141	(29.3)
Midas	310	298	4.0
Soft drinks	488	408	17.6
Pneumo Abex	1,106	720	53.6
Hussmann	587	443	32.5
Railroad	1,000	1,015	(1.5)

IC Industries moved quickly in 1985 to merge or sell portions of its far-flung railroad operations and reallocate its corporate resources into specialty foods, consumer services and commercial products.

The sale or merger of the Illinois Central Gulf Railroad has been a top priority of IC Industries for several years.

The company has announced plans for the railroad that include divesting all but a 3,000-mile core system running from Chicago to the Gulf of Mexico.

During 1985, the company generated $460 million in cash from 10 divestitures, including a dairy unit, all retail drug and food outlets, and five ICG railroad segments totaling 1,550 miles. IC has sold 29% of its total mileage since 1984. More than half of the 9,600 miles it had in 1972 have been divested.

IC, with net income up 23% on a revenue growth of 17% in 1985, continues to show gains into 1986. Total revenues for the first six months of 1986 were $2.13 billion, up 3% over the same period in 1985. Net income in the first half of 1986 was $89.4 million, up 21%.

The ICG Railroad's 1985 revenues of $1 billion were unchanged from 1984 and accounted for only 23% of IC Industries' consolidated sales and revenues for the year. Sales of land segments boosted the railroad's operating income by 30% to $40 million in the first half of 1986, although revenues of $300.3 million from rail operations were off 20% from the same period in 1985.

The strategic plan at IC is to concentrate resources in specialty foods through its Pet Inc. and Pepsi-Cola General Bottlers subsidiaries, franchise consumer services through Midas International and commercial products through its Pneumo Abex and Hussmann Corp. subsidiaries. IC was active in each of these areas in 1985.

Although Midas was IC Industries' smallest group in 1985, accounting for 7% of total revenues, the unit received $37.6 million in spending for the seven-media total in Leading National Advertisers, up 35.5% from 1984. Midas accounted for 64% of IC's total measured spending. Media was overwhelmingly in tv—52% spot and 47% network.

Midas set records in 1985 with a 10% jump in operating income to $40.1 million and a 4% increase in revenues to $310 million. With 1,523 muffler shops in the U.S., Midas held its 25% share of the exhaust system replacement market and boosted its share of brake and suspension system services, the company says.

Toronto-based Tenneco, marketer of Walker mufflers, controls two major chains, Car-X and Speedy Muffler King, and ranks a distant No. 2 behind Midas. Houston-based Meineke Muffler Co. ranks No. 3.

Midas continues to lead the way in the market's maturation beyond mufflers into brake and suspension services.

Midas advertising, which previously offered benefits such as lower-priced mufflers and guarantees, evolved in 1985 into a service theme: "Trust the Midas Touch."

Pet Inc., a division of the specialty foods group, was second to Midas in measured ad spending with a $20.4 million seven-media total, up 21%. Pet had operating income in 1985 of $101 million, up 10%, on sales of $806.5 million, accounting for 20% of IC's revenues in 1985.

In February, 1986, Pet terminated Grey Advertising, New York, from its growing line of frozen foods account, including Downyflake breakfast foods, Old El Paso frozen Mexican entrees, Pet-Ritz pie crusts and Whitman's chocolates. Creative work for these accounts was transferred to Workshop West, Beverly Hills, Cal., which handles all of Pet's dry grocery items.

Haworth Group, Minneapolis, continues to handle media buying and planning.

New product and brand activity in the dry grocery and frozen foods categories greatly boosted spending in 1985 and through the first half of 1986, a Pet spokesman says. Since fall, 1985, the grocery products group has added 35 new products and the frozen foods group has added 37.

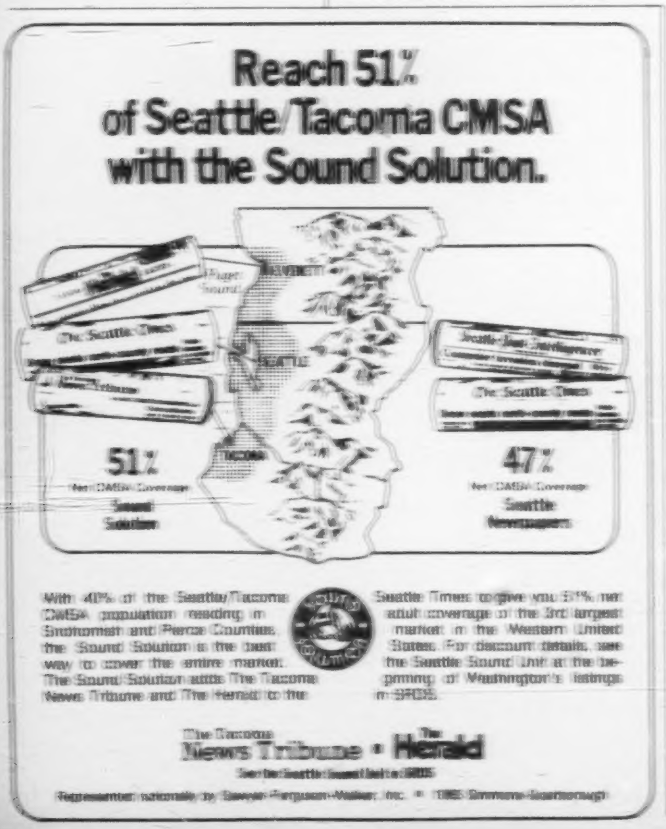
Three varieties of Accent seasoning were introduced in 1985. Measured media for Accent totaled $6.1 million, up 112%. The spending was divided 46% spot tv and 54% network tv.

Another product category receiving significant spending was the Old El Paso line of Mexican foods. While measured spending for the Old El Paso category fell 7% in 1985 to $5.9 million, spending within the category shifted, increasing 15% to $3 million for taco sauce and shells, divided 63% network tv and 37% spot tv.

The Old El Paso brand, the No. 1 line of Mexican foods the past five years with about 29% of the $367 million dry goods market, began its assault on the frozen foods market in fall, 1985.

In the Mexican frozen prepared foods market, Pet has introduced six festive dinners, four burritos and 10 entrees under the Old El Paso brand since August, 1985. Distribution is in 50% of the U.S., and the brand has achieved 12% of the $256 million Mexican frozen prepared foods market. Selections from the 100-plus Old El Paso line also was introduced in 1985 in Europe, Australia and Japan. Pet has set a goal of increasing foreign sales of the total Pet division to 20% of total revenues by 1990.

Pet also is facing a hot fight in the $1.8 billion Italian foods market in which it began a six-month test in June, 1986, of a 30-item line under the Italian Market banner. The line in-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cludes 10 dry pastas, 14 canned and bottled sauces, six menu completers such as antipasto salads and two shelf-stable custard desserts.

Competition is expected to be especially keen in the $647 million sauce market, which grew 9% in 1985. Chesebrough-Pond's Ragu spaghetti sauce holds a 51% market share, Campbell Soup's Prego line 30% and Prince 6%. Chesebrough-Pond's recently introduced two new Ragu flavors, in addition to the November, 1985, national launch of Ragu Pasta Meals, a product combining pasta and sauce in a jar that competes with American Home Products' Chef Boy-ar-dee and Campbell Soup Co.'s Franco American canned pastas.

The higher priced Ragu product garnered 15% unit and 18% dollar shares in test markets.

The $852 million dry pasta market grew only 3% in 1985 and is made up mostly of regional brands. The category is led by Hershey Foods Corp., with a 17% share of the market for six brands. The No. 2 spot is held by CPC International's Mueller brand with a 15.6% share, and No. 3 is Borden's five brands with a combined 11.9%.

IC acquired Louisiana Seafood Packers, Carencro, La., in April, 1986, for an undisclosed price. The company makes a six-item line of frozen entrees called Cajun Cookin'. By August, 1986, the company had taken its line to distribution in 17% of the nation.

Also acquired in 1985 was the E.B. Evans Co., Philadelphia, maker of ice cream toppings. Pet sold its Stuckey's unit and its dairy operations in 1985 for undisclosed prices.

Pet also entered the second phase in 1986 of its national rollout of five varieties of Whitman's cream pies, a frozen brand introduced in October, 1985, and began testing a line of five complete frozen breakfasts in the second quarter of 1986 under the Downyflake label.

The Pepsi-Cola General Bottlers division also had record operating income of $49.4 million in 1985, up 37%, on sales of $495 million, up 17%. Pepsi General distributes Pepsi-Cola and other products in eight states in the Midwest, a market area with a population exceeding 16 million.

During 1985, the company acquired for $77.3 million the assets of BIH Foodservice and St. Louis-based Baran-Blessing Foodservice Equipment Co.

Both companies are broad-line suppliers of equipment to commercial and institutional kitchens. The acquisition made IC's Hussman subsidiary a major player in the foodservice equipment market.

Hussman had record operating income of $57.2 million in 1985, up 12.6%, on revenues of $587 million. The subsidiary accounts for 13% of IC's total revenues.

C.L. Prochetonis, the former Pneumo Corp. head, was named IC president-coo in 1985 only to resign in early August, 1986, a route his predecessor, Robert F. Schnoes, also took.

Boyd F. Schenk, was named to the new post of vice-chairman.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1986
Magazines	22,476	21,571
Newspapers	1,765	1,062
Network TV	22,769	17,466
Spot TV	22,119	23,761
Network radio	1,101	596
Spot radio	9,767	6,990
Outdoor	136	60
Total measured	70,298	56,445
Unmeasured	100,710	80,573
Total	171,008	137,018

IC INDUSTRIES
111 E. Wacker Dr.
Chicago, Ill. 60601
(312) 565-3000

Marketing Personnel

Wendell W. Larsen, sr vp-corp affairs
Harry A. Grove, dir-adv

Advertising Agency

Gardner Advertising, St. Louis—Ron Reiter, acct super

PET INC.
St. Louis, Mo.
GROCERY GROUP

Corporate Personnel

J. James Watson, group president

Marketing Personnel

John Ferguson, vp-mktg
Syl Stevenson, mktg dir
Gerald Hayes, mktg dir
Cindy Brown, mktg dir

SPECIALTY GROUP

Corporate Personnel

John Wadley, president

FROZEN FOODS DIVISION

Corporate Personnel

Raymond N. Feitte Jr., president

Marketing Personnel

John J. Cramer, vp-mktg
Vernon A. Bentley, vp-sales

WHITMAN'S DIVISION

Corporate Personnel

James W. Nixon, president

Marketing Personnel

Tom McNulty, vp-mktg

BAKERY DIVISION

Marketing Personnel

Ted Keller, vp-sales & mktg

SPECIALTY PRINTING DIVISION

Corporate Personnel

Walter H. Busch, president
Raymond DiRiggi, vp-operations

MODERN COLOR GRAPHICS

Corporate Personnel

John Brady, genl mgr

ST. LOUIS LITHOGRAPHING

Marketing Personnel

Jim Kraft, vp-sales

INTERNATIONAL GROUP

Corporate Personnel

Larry D. Umlauf, president
F. David Searles, exec vp-Europe
William Gene Norman, exec vp, Latin America

Corporate Media Buying

Haworth Group, Minneapolis—grocery group media planning & buying—Claude W. Stevens, president.

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Advertising Agency

[illegible] West, Beverly Hills, Cal.—Old El Paso dry grocery items, Downyflake frozen breakfast foods, Old El Paso frozen Mexican entrees, Pet-Ritz pie crusts, Whitman's chocolates—Elliot [illegible], acct. exec.

[illegible] INTERNATIONAL
Chicago, Ill.
Marketing Personnel

Russell E. Richards, vp-mktg franchise operations
John Waters, dir adv & sales promo
Ralph F. Linder, vp-mktg

Advertising Agency

Wells, Rich, Greene, Chicago—Larry Singer, president; Phil Kaplan, sr vp-mgmt super; Aaron Bachman, sr vp-creative dir; Lee Bernstein, natl acct exec.

PEPSI-COLA GENERAL BOTTLERS
Chicago, Ill.
Marketing Personnel

P.J. McCarthy, dir-adv

Advertising Agency

Di-Bennett-Geradin, Chicago

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- Posterings/Take-Ones
- Product Sampling

(In NJ 201/[illegible])

International Business Machines Corp.

Rank **27**

Armonk, N.Y.

($ in millions)

Worldwide	1985	1984	% chg
Sales	50,056	45,937	9.0
Net income	6,555	6,582	(0.4)

U.S.	1985	1984	% chg
Sales	28,911	27,271	4.2
Operating profits	3,482	3,981	(12.5)
Advertising	325	385	(15.7)

Division sales	1985	1984	% chg
Processors	12,136	11,316	7.8
Peripherals	12,679	11,692	8.8
Office systems	10,500	[illegible]	5.8
Program prods.	4,165	3,197	30.2
Maintenance	6,105	5,236	15.9
Other	2,214	2,228	3.5
Federal systems	2,007	1,640	25.0
Other business	170	90	7.4

International Business Machines Corp. is feeling the pinch from the deepest slump in the history of the computer industry and from growing pains resulting from aggressive expansion in the early 1980s.

The slump is being played out in the advertising outlays as well; spending on measured media in 1985 declined 15.7% from the previous year to $171.4 million, a fact mostly attributed to the decision to halt production and advertising of the PCjr in March, 1985. PCjr measured spending had dropped to only $5.8 million in 1985 from $32.5 million in 1984, according to seven measured media totals from Leading National Advertisers.

However, measured spending for IBM's line of personal computers increased to $34.7 million in 1985, up 15.8% from 1984. Some 54% of that spending was in network tv and 29% in magazines. Analysts predict IBM will greatly increase spending in this category by the end of 1986 or in early 1987 as new products are released.

In April, 1986, IBM launched the PC Convertible, a $2,000 portable that was the first new addition to its PC line in two years. The PC Convertible incorporates several new innovations in microprocessor chip design, computer housing and 3.5-in. software disks, features that could appear in the next generation of IBM desktop units.

In other key developments, John F. Akers, IBM's president since February, 1983, was elected chairman, effective June 1, 1986, on the retirement of John R. Opel. Mr. Akers retains the titles of president-ceo. Mr. Opel becomes chairman of the executive committee of the board of directors.

Mr. Akers inherits the reins of a company whose near-term prospects are mixed. Operating revenues for the second quarter of 1986 were up 7% to $12.3 billion, but net income of $1.2 billion was 8% lower than the same period in 1985 and would have been even worse except for a weaker dollar overseas.

First-quarter results showed a rise in profits of 3% to $1.02 billion, but again, profits would have fallen without the aid of a weakening dollar and an accounting change, according to IBM. Many analysts are predicting IBM's earnings will decline for all of 1986 as they did in 1985, which would give IBM its first back-to-back annual declines in earnings since 1933.

IBM's problems can be linked to the computer industry slump, a strong U.S. dollar and self-inflicted wounds, says Brian Jeffery, research director for International Technology Group, a Los Altos, Cal.-based consulting company. "But the real problem is that IBM raised everyone's expectations. IBM overexpanded while the going was good, and all the problems hit them in one crunch beginning in late 1984," Mr. Jeffery says.

Nowhere is this more evident than in the $6.5 billion market for personal computers, which is IBM's largest category of measured spending, representing 20% of the total. IBM is at a crossroads in this market as the life cycles for stand-alone products, such as the IBM-PC and the 4-year-old PC-XT, have come to an end, says Steve Cohen, analyst with the Gartner Group, Stamford, Conn. Both products are victims of lower-priced IBM compatibles now flooding the market and soon will give way to a family of networked products, such as the top-of-the-line IBM PC-AT.

While IBM was introducing newer, more powerful models of its AT and XT computers in April, 1986, it was cutting prices 25% on all personal computers. Dealers cut $1,000 from the price of less powerful units, sold them and moved in newer, more powerful models at the same discounted price, analysts say. By June, 1986, a standard XT sold for about $2,100, compared with a similarly equipped model by Leading Edge Hardware Products selling for $1,500. A less powerful model by Tandy Corp. was selling for less than $1,000, and IBM clones by independent producers were priced in the $500 to $600 range.

"The game is boiling down to a question of price, and IBM is being edged out," Mr. Cohen says. He and several other analysts predict IBM will introduce a lower-cost version of the AT computer in late 1986 or early 1987, taking over XT's price point.

"Clearly the main thrust at IBM is toward networked products," says Frederic G. Withington, vp-information systems at Arthur D. Little, Cambridge, Mass. "Stand-alone computers are low-priced products, and IBM has made it clear that it has no real commitment to staying in a commodity-type market."

From January to June, 1986, IBM had 42.2% of unit sales and 46.9% of revenues in the market for personal computers, says JoeAnn Stabel, analyst with StoreBoard Inc., Dallas. IBM's share was down from 50.7% of units and 57.4% of revenues for the same period in 1985.

Moving up was Compaq Computer, one of the chief marketers of IBM clones, with 12.7% of unit sales and 16.7% of revenues for the first six months of 1986. Compaq had 11.5% of unit sales and 12.4% of revenues over the same period in 1985. The booming market for IBM clones also has hurt Apple Computer, which had 24.7% of unit sales and 14.7% of revenues for the first six months of 1986, compared with 29.7% of units and 18.5% of revenues for the same period in 1985.

Perhaps because of pressure in this market, IBM sold its 81 IBM Product Centers in 33 states and the District of Columbia to New York-based Nynex on June 30, 1986, for an undisclosed price. IBM continues to sell through authorized dealers, but froze its dealer network in November, 1985, at 2,500 outlets. One explanation for the sale of IBM's Product Centers was that they were taking business away from IBM's direct sales force, one analyst says. A rumor is circulating that, for the same reason, IBM would like to lop off one-third of its third-party distribution network.

Despite inroads by competitors, IBM is poised for tough competition as it continues on its course of becoming the computer industry's lowest-cost producer of all computers and peripherals. IBM spent $6.1 billion in 1985 on new plant and robotic equipment and has invested similar amounts since the early 1980s, says Mr. Withington of Arthur Little. A robotic plant in Austin, Tex., now assembles the PC Convertible. A new Raleigh, N.C., robotic plant now builds color monitors for IBM computers, which until recently IBM had been purchasing fully assembled in Japan.

IBM's investment in robotics is permitting it to assert its presence in markets long dominated by Japanese companies, such as the $2 billion market for computer printers, where the Japanese controlled 80% of the 4 million low-priced units sold in the U.S. in 1985.

In the printer market, IBM is meeting the Japanese head-on with a new Charlotte, N.C., plant turning out the IBM Proprinter, a $400 model that in mid-1985 replaced a model in IBM's product line made by Seiko Epson Corp. For the month of June, 1986, IBM controlled 18% of U.S. sales of low-end printer units, ranking third behind Epson with 31%, and Apple Computer with 22%, according to StoreBoard. IBM had a 5.6% market share in June 1985, compared with Epson's 25.3% and Apple's 21.7%.

IBM's measured spending on printers jumped to $8.7 million in 1985 from less than $600,000 in 1984. Measured media was divided 62% network tv, 27% magazine and 11% network radio. Printers now are IBM's fourth largest spending category, accounting for 7% of measured spending.

Likewise, IBM spent $350 million overhauling its Lexington, Ky., typewriter plant. By Oct. 1984, the redesigned plant was making electronic Selectric System/2000 typewriters, printers, keyboards and supplies. IBM's measured spending for electronic typewriters, its third largest category, increased 8% in 1985 to $14.3 million, divided 55% network tv and 45% magazine.

But even more important than IBM's move to become the lowest cost producer is the strength of IBM's installed base, both in mainframes and minicomputers, Mr. Withington says. "Even if IBM makes a mistake or falls behind, there is time to catch up. IBM owns the high ground and can hold it."

IBM has 68.3% of the $6.85 billion market in 1985 for mainframe systems and almost 50% of the $8.32 billion market for minicomputers, according to San Jose, Cal.-based Dataquest, a division of Dun & Bradstreet Corp. Digital Equipment Corp. is the nation's second largest vendor in the U.S. computer industry with a 7% market share. Detroit-based Burroughs

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[illegible] Maiden Lane
San Francisco, CA 94108
(415) [illegible]

[illegible] Drive
Paramus, NJ 07652
(201) [illegible]

Top 25 outdoor advertisers

Rank	Advertiser	Outdoor ad expenditures 1985	1984	% chng	as % of co.'s 1985 ad total
1	RJR/Nabisco	$95,229	$87,285	9.4	8.7
2	Philip Morris Cos.	36,991	28,576	28.5	4.8
3	Loews Corp.	25,071	28,647	(12.5)	16.8
4	Batus Inc.	22,560	12,099	86.4	12.9
5	Jos. E. Seagram & Sons	15,554	16,112	(3.5)	14.2
6	American Brands	7,719	11,894	(35.2)	4.8
7	Grand Metropolitan plc	7,203	5,246	37.3	4.1
8	Hiram Walker Inc.	7,073	7,760	(8.9)	N/A
9	McDonald's Corp.	6,904	5,129	34.6	3.2
10	National Distillers & Chemical Corp.	5,213	5,673	(8.1)	N/A
11	Brown-Forman Co.	5,162	6,287	(17.9)	5.8
12	Anheuser-Busch Cos.	5,079	5,504	(7.4)	1.8
13	U.S. Government	4,906	1,298	280.3	1.9
14	Rapid-American Corp.	4,529	3,714	21.9	N/A
15	Holiday Corp.	3,896	3,002	29.8	N/A
16	Coca-Cola Co.	3,852	3,620	6.4	1.8
17	Whirlpool Corp.	3,720	3,649	2.2	N/A
18	General Motors Corp.	3,620	3,176	14.4	0.5
19	PepsiCo Inc.	3,367	2,066	62.5	0.7
20	Ford Motor Co.	3,222	2,174	48.2	0.5
21	Distillers Somerset Group	3,067	2,761	11.1	N/A
22	Chrysler Corp.	3,037	2,135	42.3	0.8
23	Southland Corp.	2,908	1,003	187.1	N/A
24	Bacardi Corp.	2,840	2,753	3.8	N/A
25	Marriott Corp.	2,466	743	232.3	N/A

NOTE: Dollars in thousands. Source: Institute of Outdoor Advertising and Outdoor Advertising Assn. as reported by LNA

Corp., which agreed in May, 1986, to acquire Sperry Corp., New York, is third with 5% of the market.

But IBM has several weaknesses against these and other competitors, beginning with its fragmented product line and limited product offerings in high growth areas, such as computers targeted to markets dealing with engineering, image processing, artificial intelligence and database processing.

Compounding the problem is the threat that smaller computers will begin to absorb the functions traditionally assigned to mainframes. Although the proliferation of smaller computers increases the need for mainframes as centralized sources of data, the users of desktop computers also need communications and networking capabilities to tap into mainframes and share resources. In this area IBM is weak, says Mr. Jeffery of International Technology Group.

The situation was brought about by IBM's decentralization in the 1970s. Divisions were given responsibility for their own products and launched a diverse line of products that cannot easily be interconnected. IBM is making slow progress in developing software that allows these systems to talk to one another, he says.

At the same time, some of IBM's competitors have been designing product lines that are easily interconnected. An example is Digital's VAX system architecture, which permits interconnection among all of its products.

"The conventional wisdom is that IBM has some real dogs," Mr. Jeffery says. But despite criticism of machines such as the System 36, IBM has sold more than 100,000 total units, even outselling more powerful units made by IBM rivals. System 36 is reliable, user-friendly and ideal for remote locations where data processing expertise may be at a minimum, an important consideration for large corporations. The U.S. Department of Agriculture, for example, owns nearly 3,000 System 36s for its remote sites, Mr. Jeffery says.

"One company after another has come out with a better something, a system with more power. But only IBM is paying attention to what the end-user really wants," he says.

In other moves, IBM continued making forays in the field of telecommunications through acquisition. IBM sold Satellite Business Systems to Washington-based MCI Communications, in June, 1985, in exchange for 16.6% of MCI's stock with an option to buy up to 30%. MCI had the option to repay, until 1988, up to an additional $400 million. IBM also acquired Rolm Corp. for $1.26 billion in November, 1984, later selling Rolm's Mil-Spec military computer division in June, 1985, to Loral Corp., New York, for $100 million.

Gerald Mayfield, president of DMW Group, Stamford, Conn., says IBM is positioning itself to be a player in the telecommunications market, but is not overcommitting at this point.

The Rolm acquisition and partial ownership of MCI gives IBM many options.

"IBM is very serious about telecommunications, and its marketing moves clearly indicate that it wants to become a major player in this field," Mr. Mayfield says.

IBM's strategy to become a $100 billion company by the 1990s clearly indicates a pending showdown with AT&T, he says. "IBM is the ultimate strategic player."

IBM in mid-July, 1986, consolidated all its business at JWT Group agencies, involving $200 million in billings. Winners were JWT subsidiary, Lord, Geller, Federico, Einstein, the current agency for IBM corporate and personal computers and related software, and J. Walter Thompson. The agency move coincided with a shift in IBM's pc marketing strategy: Cutting prices to allow more high-volume retailers to sell IBM as cheaply and profitably as the "clones"; placing the primary responsibility for selling to major corporate accounts on authorized pc dealers thereby shifting up to $1.2 billion in sales to its dealers.

Losers were Doyle Dane Bernbach, Leber Katz Partners, and Geer, DuBois. DDB had been the agency of record for tv buying.

JWT in mid-August raided BBDO to get Kenneth Rogers to be exec vp-group management director of the IBM business. As an exec vp-senior management rep at BBDO, he was involved in that agency's gaining the Apple Computer account from Chiat/Day this spring.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazines	[illegible]	[illegible]
Newspapers	[illegible]	[illegible]
Newsp. supp.	[illegible]	[illegible]
Bus. pubs.	[illegible]	[illegible]
Network tv	[illegible]	[illegible]
Spot tv	[illegible]	[illegible]
Network radio	[illegible]	[illegible]
Spot radio	[illegible]	[illegible]
Outdoor	[illegible]	[illegible]
Network cable	[illegible]	[illegible]
Total measured	[illegible]	[illegible]
Unmeasured	[illegible]	[illegible]
Total	[illegible]	[illegible]

IBM Corp.
Old Orchard Road
Armonk, N.Y. 10504
(914) 765-1900

Marketing Personnel

C.G. Francis, dir-adv
J.F. King, dir-adv operations
W.P. Barron, dir-adv programs
M.C. Curry, mgr-corp tv adv
E.W.W. Baker, mgr-corp print adv
E. Wood, mgr-corp tv promo

Advertising Agency

Lord, Geller, Federico, Einstein, New York—Bill Wardell, sr vp-mgmt super.

INFORMATION SYSTEMS

Marketing Personnel

D.L. Coker, dir-adv

Advertising Agencies

J. Walter Thompson, New York—Steve Bowen, genl mgr.

Geer, DuBois, New York—John Allen, exec vp-dir client services.

FEDERAL SYSTEMS DIVISION

Marketing Personnel

K.F. Dunkin, mgr-promo services & adv

Advertising Agency

HCM, New York—Jim Rosetti, vp-acct super.

ITT Corp.

Rank **59**

New York

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	[illegible]	[illegible]	[illegible]
Net income	[illegible]	[illegible]	[illegible]

U.S.	**1985**	**1984**	**% chg**
Sales	[illegible]	[illegible]	[illegible]
Operating profits	[illegible]	[illegible]	[illegible]
Advertising	[illegible]	[illegible]	[illegible]

Division sales	**1985**	**1984**	**% chg**
Telecom.	[illegible]	[illegible]	[illegible]
Industrial tech.	[illegible]	[illegible]	[illegible]
Diversified svcs.	[illegible]	[illegible]	[illegible]
Natural res.	[illegible]	[illegible]	[illegible]
Eliminations	[illegible]	[illegible]	[illegible]

ITT Corp.'s 11.3% decrease in advertising in 1985 was largely a result of an ongoing corporate restructuring program that has included divestments of nearly half the companies it owned at the start of streamlining seven years ago. At the same time, ITT has acquired about 40 companies.

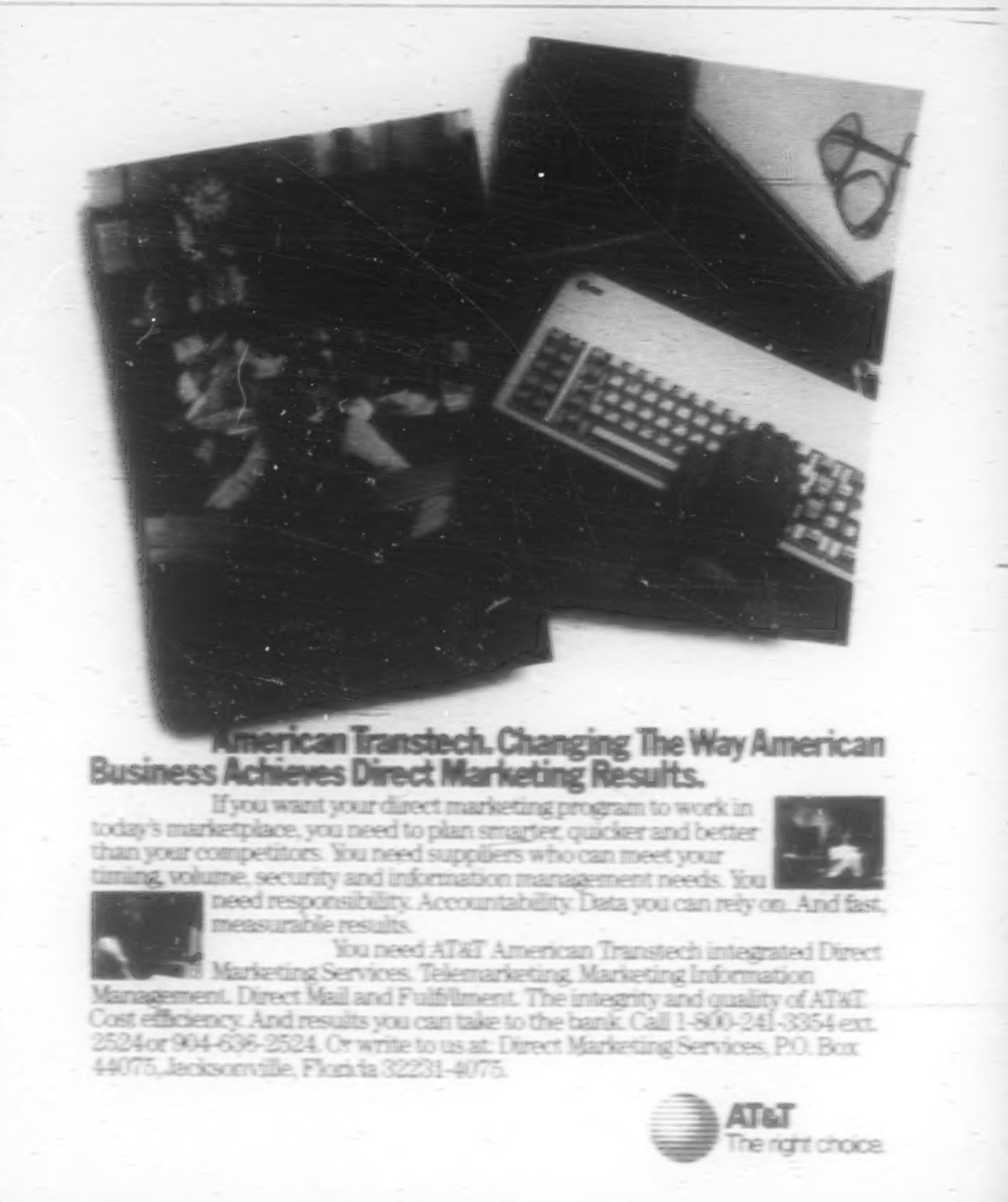
Continental Baking Co., sold in August, 1984, to Ralston Purina Co., was responsible for much of the decrease in ad expenditures. Continental traditionally spent more than $20 million in measured media.

ITT, which does business in four primary areas, telecommunications, industrial technology, diversified services and natural resources, has shed many of the acquisitions made by Harold Geneen, current chairman-ceo Rand Araskog's predecessor.

Much of the proceeds of these sales, which have amounted to more than $1.8 billion, have gone to reduce the company's debt.

The year-end ratio of debt to total capitalization of 34.3% is the lowest it has been since 1960.

Debt reduction, continued consolidation and fending off hostile takeover



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Pat Hatcher,
Advertising Director
Kiwanis Magazine
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Indianapolis, IN 46268
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attempts by Irwin Jacobs are among the moves by Mr. Araskog and his new president-chief operating officer Edmund Carpenter, since July, 1985, that have received favorable reaction from the stock market, a distinct change since ITT reduced its dividend by 64% in July, 1984.

ITT's advertising dropped $11 million from 1984 to 1985, largely because of the sale of Continental Baking. The various U.S. media monitoring services give ITT $49 million in measured media; however, ITT says that figure should be $98 million, noting many of its more than 100 companies are highly trade oriented, making their expenditures more difficult to track.

The company could not break out advertising by medium. Therefore, Advertising Age used a total of $149 million provided by ITT as total advertising, but also used the $49 million for measured advertising. The resulting unmeasured figure contains a good deal of media advertising of small ITT units.

ITT surprised the business community in February when it announced it was ceasing marketing its highly touted System 12 in the U.S. and instead would concentrate its efforts to sell the highly sophisticated telephone switching system in Europe.

Many believed that the move signaled the company was abandoning its traditional base of telecommunications in the U.S. In early July, the company confirmed rumors about a telecommunications deal with the French. ITT and Cie. Generale d'Electricite entered into a joint venture agreement to join their telecommunications and office automation businesses. Cie. Generale d'Electricite is owned by the French government.

ITT will have a 37% share of the joint venture and receive $1.5 billion in the deal. C.G.E.-ITT, to be sold to private investors under France's denationalization plan, is now No. 2 in Europe with $9.8 billion in sales. AT&T is No. 1. To make the deal pay, the venture must maintain market share—40% of the telephone exchange market in West Germany, 75% in Spain, 80% in Belgium, 25% in Finland, 22% Italy, 100% Norway, among others—which is hinged on improving its System 12 switching equipment.

ITT's strategy will be to build on existing businesses and make minor acquisitions in areas that fit with ITT's existing businesses, particularly in the diversified services areas: insurance (Hartford), hotels (Sheraton) and ITT financial services, including consumer and commercial finance services. The latter segment is expected to be one of the most profitable groups within the diversified services segments.

Last year, ITT diversified services contributed 48.4% of total revenues, the single largest contributor, and 38% of operating income. Telecommunications accounted for 30% of total revenues and 33% of operating income.

The two largest advertisers were the Sheraton Corp., owner or franchiser of 488 hotels in 58 countries, and Hartford Insurance Group. Sheraton increased its ad expenditures by 12% to $9.1 million in measured media spending in 1985.

Hartford Insurance spent $3.4 million in measured advertising, a 22% increase, according to Leading National Advertisers.

Scott lawn care products were supported with $2.2 million, down 21.4%.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$15,426	$11,797
Newspaper	2,443	4,042
Newsp. supp.	345	231
Bus. pubs.	3,666	1,347
Network tv	12,764	10,075
Spot tv	5,393	11,758
Network radio	338	167
Spot radio	4,643	3,122
Outdoor	1,199	767
Network cable	542	681
Total measured	49,403	45,608
Unmeasured	99,597	91,952
Total	149,000	137,560

ITT CORP.
320 Park Ave.
New York, N.Y. 10022
(212) 752-6000

Marketing Personnel
Juan C. Cappello, senior vp-dir. government relations, corp. relations & adv
J.P. Iannuzzi, dir-adv & sales promo
R.A. Crosswell, dir-adv & special projects
W.B. Clifford, mgr-sales promo services

Advertising Agencies
Biederman & Co., New York—corp—Barry Biederman, chmn; John Kelly, exec vp; Michael Rowland, vp-mgmt rep.
Friedman Associates, Ridgefield, Conn.—telephone directories—Bill Green, mgmt super.

HARTFORD INSURANCE GROUP
Hartford, Conn.
Marketing Personnel
Roger Cove, sr vp-corp relations
Peter Egan, asst vp-dir adv
Greg King, asst dir. adv
Ray Winter, creative dir
Advertising Agency
McCaffrey & McCall, New York—corp adv—Bruce Sherman, sr vp-acct super; Lucia Bowen, acct exec.

SHERATON CORP.
Boston, Mass.
Marketing Personnel
Robert Collier, vp-dir mktg
Robert Quinn, vp-dir adv
Adrienne Davis, vp-assoc dir adv
Advertising Agency
HBM/Creamer, New York—Stanley Levitz, exec vp-mgmt super; Steven Gottlieb, sr vp-group super; Ruth Godfrey, acct super; Phyllis Goldberger, Nancy Stewart, acct execs.

O.M. SCOTT & SONS
Marysville, O.
Marketing Personnel
Bernard Ford, dir-mktg
Schmale Radtke, dir-consumer lawn mktg
James Porter, sr mktg mgr-professional prods
Robert Ritchie, sr mktg mgr-lawn prods, North
Dennis Rosenstock, mktg mgr-professional garden mktg
Elaine Rosen, mktg mgr-seed and mechanicals
Robert Rinehart, sr mktg mgr-lawns
Mark Baer, dir-professional gardens mktg
James Frye, mktg mgr-irrigation prods
Robert Beil, dir-direct mktg, W. Atlee Burpee Co.
Advertising Agencies
Fallon McElligott, Minneapolis—John Forbes, mgmt super; Laura Moore, acct super, retail lawns; John Schneider, acct super, professional gardens.
Ramp & Collins, New York—Burpee prods—David Scholes, exec vp-dir mktg services; Dominick Perone, sr acct exec.

Rank 20

Johnson & Johnson

New Brunswick, N.J.

($ in millions)

Worldwide	1985	1984	% chg
Sales	6,421	6,125	4.8
Net income	614	515	19.2

U.S.	1985	1984	% chg
Sales	3,668	3,578	2.5
Operating profit	377	458	-17.8
Advertising	401	420	-4.5

Division sales	1985	1984	% chg
Consumer	2,775	2,755	0.8
Professional	1,207	1,124	7.4
Pharmaceutical	1,440	1,331	8.2

Johnson & Johnson showed healthy gains in its pharmaceutical and professional segments in 1985, offsetting only a modest increase in its consumer segment. The consumer segment, where ad volume declined 4.5% last year, faces an even tougher 1986 than 1985 with the withdrawal of the Tylenol capsule. The withdrawal, following the second poisoning incident in four years, will cost the company an estimated $100 million to $150 million after taxes this year.

According to Leading National Advertisers, the major shift in the media mix was an 8% decline in network tv spending, by far the dominant medium at J&J, and a 64% gain in spot tv. Magazine advertising, the company's No. 2 medium in dollar volume, was down 6%.

Measured spending for Tylenol products, J&J's most lucrative line, increased only 1.1% to $62.3 million in 1985, after a 1983-84 increase of 5.5%. Totals for Tylenol's caplet form, which is replacing the capsule, reached $7 million. This figure is expected to increase this year as J&J markets the caplet as "an effective and reliable alternative" to Tylenol capsules.

The company announced in February, 1986, that it would stop making capsules after the most recent Tylenol poisoning incident—the cyanide poisoning of a Westchester County, N.Y., woman.

As of July, 1986, Tylenol had almost regained its market share of 31.7%, down slightly from the 33% it had before the poisoning. The company moved quickly to pull the capsules after the incident and began an ad campaign via Saatchi & Saatchi Compton, New York, including a coupon promotion for the caplet form. J&J says its research shows the caplet "is an acceptable alternative for the majority of our former capsule users."

With the expiration of ibuprofen patents coming this fall, McNeil Consumer Products, the J&J unit that markets Tylenol, will introduce its entry into the market, Medipren, to compete with the big two, American Home Products' Advil and Bristol-Myers' Nuprin. Other new entries include Upjohn's Haltran and American Home Products' Trendar. Ibuprofen's 3% market share in 1984 grew to 9% last year and is expected to control close to 15% by the end of 1986.

Children's Tylenol products, with measured spending down 3.8% to $10.2 million, holds an impressive 70% of the market for children's pain relievers. McNeil's Pediacare line, introduced in 1984, added Pediacare infant decongestant oral drops in 1985. Measured spending for the line was up 25% from 1984, totaling $4.5 million.

In other areas of J&J's consumer segment, Personal Products division continues to hold the lead in the external feminine protection market with a 45% share, up from 42% last year. Its product line includes Stayfree maxi and silhouette maxi pads, Sure & Natural maxishields, Carefree panty shields, and the newly named Assure & Natural breathable panty liner (formerly called Assure!). The product line received $26.6 million in measured ad spending last year, a 47% decrease from 1984. Behind J&J in that market segment is P&G's Always with 23% market share, followed by Tambrand's Maxithins line at a 12% share.

Johnson & Johnson Products, leader in the adhesive bandage market, had a measured spending total of $12 million for Band-Aids, up 31%. J&J's new medicated Band-Aid, introduced in 1985, is the only medicated bandage available in the U.S. This year, the company launched another new addition, Band-Aid with a clear backing to make it less noticeable. Young & Rubicam, New York handles.

Measured spending for J&J's Reach toothbrush increased 22% to $6.2 million. Its leading position was lost, however, to Colgate-Palmolive's diamond-shaped Colgate Plus toothbrush, which was introduced in mid-1985. It currently holds the No. 2 position with Gillette's Oral-B toothbrush in third place.

McNeil last year began marketing Delsym, the only over-the-counter sustained-release liquid cough medicine in the U.S. McNeil invested $3.2 million in measured spending on the introduction. The account recently moved from in-house to Saatchi & Saatchi Compton, where it is expected to get a $6 million to $7 million ad expenditure this year.

The Ortho Pharmaceutical division added Advance to its home pregnancy test line, which includes Fact and Daisy 2. Advance, handled by McCann-Erickson, works by a color change system and is said to be easier to use. Measured ad spending for Advance increased considerably, from $58,000 in 1984 to $3.2 million in 1985. The addition of Advance to the product line boosted J&J's market share. It competes very closely with Warner-Lambert's e.p.t., the first brand to enter the market in 1978.

J&J continues to hold the No. 1 position in the market for baby toiletries. Analysts at Charles Kline & Co., Fairfield, N.J., estimate its share at 61% at the end of 1985. Measured spending for all baby products was up 20% to $13 million. J&J Baby Products Co. added Affinity conditioner to the existing shampoo line, identifying it as alleviating dry, brittle and thin hair associated with aging. It also introduced nationally Johnson's Gentle Conditioning Formula baby shampoo and Easy Combing baby conditioner targeted to older children and adults.

The company introduced Sundown sun-screen stick and sun-block stick for spot protection of sun-sensitive skin. Sundown products, which hold the top position in the sun-screen market, got $2.4 million in measured spending.

The Advanced Care Products division of Ortho Pharmaceutical Corp. began marketing Ovutime ovulation predictor test this year. The test kit for in-home use provides a test procedure that enables women to predict in advance when ovulation will occur. Kalir, Philips, Ross, New York, handles.

J&J is test marketing Prevent, an anti-tartar toothpaste. Barry Curtis Spies, New York, handles. Measured spending was $125,800 in spot tv and magazines in a market dominated by Procter & Gamble.

Growth in the pharmaceutical segment was largely due to gaining market shares of the oral contraceptive Ortho-Novum 7/7/7, introduced in 1984. The FDA approved two new J&J drugs, Suprol analgesic, a moderate and menstrual pain reliever, and Haldol Decanoate, a new long-acting form of antipsychotic.

Last year J&J sold its Technicare and Ultrasound diagnostic imaging units to General Electric Co. The company says the units were draining the profitability of its professional segment.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$25,418	$21,626
Newspaper	132	976
Newsp. supp.	193	220
Bus. pubs.	228	275
Network tv	136,586	166,659
Spot tv	13,618	6,482
Network radio	791	1,326
Spot radio	944	0
Outdoor	217	33
Network cable	2,411	1,432
Total measured	201,217	210,842
Unmeasured	200,000	209,566
Total	401,217	420,408

JOHNSON & JOHNSON
1 Johnson & Johnson Plaza
New Brunswick, N.J. 08933
(201) 524-0400
Marketing Personnel
G.F. (Pete) Tyrrell, vp-adv, corp staff

JOHNSON & JOHNSON PRODUCTS
HEALTHCARE DIVISION
Corporate Personnel
P.M. Lonergan, vp-genl mgr
Marketing Personnel
C.W. Seibold, dir-prod mgmt
A.P. Sullivan, natl sales mgr
W.E. Fox, dir-mktg & consumer rsch

ORTHOPAEDIC DIVISION
Corporate Personnel
A.J. Prince, vp-genl mgr
Marketing Personnel
G.K. Kamath, dir-sales
L.R. Williams, dir-new business devel.

PATIENT CARE DIVISION
Corporate Personnel
A.J. Viterna, vp-genl mgr
Marketing Personnel
J.M. Nelson, dir-mktg
C.P. Kuzma, dir-federal & industrial sales
Advertising Agencies
Cadwell Davis Partners, New York—Reach toothbrushes—Ellin Glazer, mgmt super.
Kalir, Philips, Ross, New York—professional mktg programs—John Rasch, mgmt super.
WED Communications, Woodbridge, N.J.—patient care div—Jim Walter, acct exec.
Simms & McIver, Bound Brook, N.J.—orthopaedic div, patient care div—Gene Holland, exec vp-acct mgmt; Eugene McLaughlin, acct super.
Young & Rubicam, New York—ACT fluoride rinse, dental floss, Band-Aid brand Adhesive Bandages—Mike Feldman, mgmt super.

JOHNSON & JOHNSON
BABY PRODUCTS
Skillman, N.J.
Corporate Personnel
M.C. Egan, vp-genl mgr, consumer prods div
Marketing Personnel
W.W. Carpenter, dir prod mgmt, consumer prods div
Advertising Agencies
McCann-Erickson, New York—baby line—Michael Bennett, sr vp; Mel Philpott, vp acct dir.
SSC&B, New York—baby shampoo and

Conditioner, No More Tangles, Swim, Affinity Shampoo and Conditioner—Ian McGregor, exec vp; Cynthia Williams, mgmt super; Patrick Keough, Nancy Parr, acct supers; Kathleen Cusack, Cindy Ritter, acct execs.

Young & Rubicam, New York—baby powder, baby cornstarch, Sundown, baby oil, baby lotion, baby cream—John Hathaway, group dir; Rick Kahn, mgmt super; Patrick Kinsley, acct super; Trish Dickson, David Safian, acct execs.

McNEIL CONSUMER PRODUCTS CO.
Fort Washington, Pa.
Marketing Personnel

C.D. Simonds, vp-mktg
R.E. Whitaker, dir-prod mgmt, adult prods
J.T. Lenehan, dir-prod mgmt, pediatric prods
J.J. Gallagher, natl sales mgr
W.E. Brunell, natl professional sales mgr
J.L. Strecker, dir-mktg rsch
E.A. Bittner, dir-communications
J.R. McCann, dir-sales promo

Advertising Agencies

Catwell Davis Partners, New York—Pediacare—F. Catwell, president; H. Davis, vp.

Kallir, Philips, Ross, New York—direct mail, professional journals—J. Rack, exec vp-mgmt dir; E. McCarren, sr vp-mgmt super; C. Adams, J. Grover, vp-group acct supers; A. Bentley, vp-acct super.

Wenthold, Dillon & Associates, Newport Beach, Cal.—Richard E. Dillon, president.

Saatchi & Saatchi Compton, New York—Adult Tylenol, Children's Tylenol, Co-Tylenol, Sine-Aid, Maximum Strength Tylenol Sinus Medication—T. Lom, exec vp-mgmt dir; J. Stern, sr vp-mgmt dir; P. Furey, acct super.

E. Spen Creative Services, New York—Delsym.

McNEIL PHARMACEUTICAL
Spring House, Pa.
Marketing Personnel

J.A. Kitchen Jr., vp-mktg
J.C. Vaughan, natl sales mgr
H.R. Rutter, exec dir-prod mgmt
W.A. Pannenbeck, dir-mktg rsch

Advertising Agencies

Botto, Roessner, Horne & Messinger, New York—Pancrease (brand of pancrelipase), Tylenol (acetaminophen with codeine), Tylox—R.J. Botto, president.

Kallir, Philips, Ross, New York—Haldol, Parafon Forte—Lee Palmer, exec vp.

Sudler & Hennessey, New York—Tolectin, Suprol—Bruce Richmond, sr vp.

PERSONAL PRODUCTS
Milltown, N.J.
Marketing Personnel

J.B. Ziegler, exec vp-genl mgr
P.S. Michaels, dir-prod mgmt
C. Bergmann, group prod dir

Advertising Agencies

Catwell Davis Partners, New York—o.b. Tampons—Andy Schaer, vp-acct super.

SSC&B, New York—Carefree panty shields, Assure & Natural Breathable panty liners, Sure & Natural maxishields—Bill Catlin, sr vp-mgmt super.

Saatchi & Saatchi Compton, New York—Stayfree silhouettes, maxipads & thin maxipads, Take-Off makeup remover cloths—D. Bosch, exec vp-mgmt dir.

Young & Rubicam, New York—Stayfree maxipads, minipads & thins, Shower-To-Shower body powder—Anne Zopf, mgmt super.

JOHNSON & JOHNSON DENTAL PRODUCTS CO.
East Windsor, N.J.
Marketing Personnel

C.H. Fretz, dir-prod mgmt
W.E. Stein, vp-worldwide business devel

Advertising Agency

Gray & Rogers, Philadelphia—George Scott, acct super.

ORTHO PHARMACEUTICAL CORP.
Raritan, N.J.
Corporate Personnel

W.D. Casey, vp

Advertising Agency

Kallir, Philips, Ross, New York—L. Palmer, vp-acct super.

ADVANCED CARE PRODUCTS DIVISION
Marketing Personnel

D.R. Bellaire, vp-mktg
J.L. Abramson, dir-mktg info & strategic planning

Advertising Agencies

Barnum Communications, New York—R. Bond, senior vp-mktg.

McCann-Erickson, New York—Fact Home Pregnancy Test—H.L. O'Brien, sr vp-mgmt rep.

DERMATOLOGICAL DIVISION
Marketing Personnel

L.G. Pickering, vp-derm

Advertising Agency

Kallir, Philips, Ross, New York—L. Palmer, vp-acct super.

ORTHO DIAGNOSTIC SYSTEMS
Raritan, N.J.
Marketing Personnel

J. Neil Kazan, vp-mktg

CHICOPEE
New Brunswick, N.J.
Marketing Personnel

R.L. Bramson, vp-mktg, specialty prods div
J.S. Neely, vp-mktg, consumer div
R.J. Wunez, vp-mktg, affiliate div

Advertising Agencies

SSC&B, New York—Bill Catlin, mgmt super; Christie James, acct super.

STBL Associates, New Brunswick, N.J.—Howard Rich, acct exec.

CODMAN & SHURTLEFF
Randolph, Mass.
Marketing Personnel

R.H. Dietz, vp-mktg

Advertising Agency

Grover & Carroll, Boston—C. Stuart Grover, acct exec.

ETHICON INC.
Somerville, N.J.
Marketing Personnel

L.J. Armour, vp-sales
R.W. Jones, vp-mktg services
F.J. Ryan, vp-mktg, sutures

Advertising Agency

Simms & McIvor, Bound Brook, N.J.—P.A. McIvor, acct super.

PITMAN-MOORE INC.
Washington Crossing, N.J.
Marketing Personnel

V.T. Scalli, vp-mktg & sales
D.R. Arnold, group dir
D.F. Cantwell, group dir
J.H. Ritter, group dir

Advertising Agencies

The Brady Co., Menomonee Falls, Wis.—Cy Haladis, acct exec.

The Dunlevy Co., Fordham, Penn.—Max Hasche, acct exec.

SURGIKOS INC.
Arlington, Tex.
Marketing Personnel

J.J. Bestel, vp-mktg
J.D. Terry, vp-sales
R.C. Neil, dir-prod mgmt
J.W. Midgley, dir-mktg rsch & new prods

Advertising Agency

Pierce Davis, Arlington, Tex.—Bill Pierce, mgmt super; Karen Sperl, acct exec.

Buyouts spur J&J/Europe

Johnson & Johnson, which draws 18% of sales from Europe, built much of its presence there through buyouts: Cilag in Switzerland (1959), Janssen Pharmaceutica in Belgium (1961), Dr. Carl Hahn in Germany (1973).

Rank
S.C. Johnson & Sons 61
Racine, Wis.

($ in millions)

Worldwide	1985	1984	% chg
Sales	2,340	2,000	0.0
Net income	N/A	N/A	N/A
U.S. advertising	140	99	40.2

S.C. Johnson & Son, which funneled most of its increase in over-all ad spending to introduce new haircare and skincare products, continued to feel the effects of a strong dollar overseas that kept corporate sales at the same level as in fiscal 1984 and 1985.

Johnson, whose emphasis has shifted over the years from flooring to personal care and over-the-counter drug products, boosted measured media spending by 40% over spending levels recorded in calendar 1984 to $81.3 million, the large difference being heavy spending for new product introductions in the company's personal care division.

In 1985, Johnson put the lion's share of its measured media spending, an estimated $20.6 million, in its continued forays into the personal care categories of haircare and skincare. This supplanting its line of Raid insecticides as the major ad magnet at the company.

In Johnson's personal care division, the largest single share of measured media spending in haircare, $10 million, went to Halsa, the company's third major entry into the $3 billion haircare category. The economy-priced line of Swedish botanical-formulated shampoos and conditioners comes in five formulas for five different hair colors, with an additional birch leaf formulation for regular, permed hair and dandruff introduced in early 1986. Each Halsa formulation contains natural ingredients to accent hair and

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add shine, the company says.

In what turned out to be one of the most competitive years in the haircare industry, Halsa achieved at least a 3.5% to 4.0% share of the category, although some analysts peg Halsa's share as high as 6%.

Procter & Gamble's Head & Shoulders dandruff shampoo remains category leader with an estimated 11% share.

Johnson in mid-1986 began introducing L'Envie by Agree Parfum shampoos and conditioners, a 16-item premium line of products that contain fragrances similar to some of the classic and most popular fragrances: Siam, similar to Charles of the Ritz Group's Opium; Legan, similar to Cosmair's Vanderbilt; Milano, a Giorgio-like scent; Cypress, similar to Estee Lauder's White Linen, and Ember Musk, similar to traditional musk fragrances, the company says. Johnson's introduction of its fourth haircare line was delayed temporarily by a lawsuit filed by Cosmair, which objected to Johnson's use of the promotional line, "inspired by Vanderbilt."

The practice of linking a new product with an established product marketed by another company has become popular in the fragrance business, where it is known as "knockoff" marketing.

Johnson claimed L'Envie is not a knockoff product, but Cosmair charged trademark infringement and unfair competition.

In an out-of-court settlement, Johnson was allowed to link L'Envie Legere to Vanderbilt, but packages must carry disclaimers disassociating the brand from any connection with existing products.

Johnson continued pitching its Agree shampoo and conditioner line to teen agers and young adults.

Agree received more than $3.8 million in measured media spending, a 50% increase. Agree's market share increased slightly to 3.5% from 2.2% in 1984.

In further attempts to reach its 12-to-25-year-old target audience, Johnson continued airing spots during NBC's "Friday Night Videos" and sponsored "Teen Aid" in Atlanta with radio station WZGC.

The brand group donated at least $25,000 to area teen clubs, with the money raised through sales of the Agree line and limited edition "Agree Teen Aid" t-shirts.

Curel, Johnson's therapeutic entry into the $500 million hand-and-body lotion category, was supported with more than $5 million in measured media spending, up 52% from 1984, the majority spent on network tv.

Curel's category dollar share remained in the 4.0% to 5% range, says the company.

However, the company claims that both Curel and cosmetically positioned Soft Sense, in terms of unit share, rank higher. Soft Sense is said to rank No. 3 and Curel has moved up to No. 2, a spot wrested from the higher-priced Keri. Greenwich, Conn.-based Chesebrough-Pond's Vaseline Intensive Care continued its status as the market leader with an estimated 19% share.

Johnson in mid-1986 moved the $4.5 million Curel account from in-house to Lois Winard Patton McIver, New York, the brand's first agency of record.

Soft Sense, Johnson's first hand-and-body lotion entry, has an estimated 5.6% share, an increase from 1984's 4.7% share, says a company spokesperson.

The brand received measured media spending of $1.6 million in 1985, but Johnson budgeted more than $8 million in 1986 to introduce a reformulated lotion, Soft Sense with Vitamin E. The national tv, print and coupon campaign is via J. Walter Thompson USA, Chicago. Ads are themed, "Suddenly, everything is softer."

Johnson in mid-1986 also entered its test of Skinstatic, a moisturizing body gel.

Although the company had high hopes for the skincare product, it is unclear whether Johnson intends to distribute Skinstatic nationally.

The company's Edge shaving gel continues to hold the No. 1 gel position in the men's shaving preparation category, despite stiff competition from Gillette Co.'s Foamy gel.

According to the company, Edge has a 23.5% share of the $250 million men's shaving category, compared with Foamy Gel's 2.0% share (Gillette's other shaving products elevates its over-all share above that of S.C. Johnson).

Edge received $2.1 million in measured media spending, comparable with its 1984 level, although Johnson in mid-1985 introduced Edge fragrance-free as well as reformulating the entire line to contain "40% more lubricants." The company is said to be spending $3 million in media this year for the line.

Johnson also won a court victory over New York-based Carter-Wallace's Rise gel. The U.S. court of appeals ruled that Carter-Wallace willfully infringed on a patent held by Johnson and is barred from marketing Rise until late 1987.

Johnson boosted its 24-plus brands of Raid insecticides with a 25% spending increase, to $12.8 million, in magazine, newspaper, radio and tv support, or 16.2% of total measured media advertising of $78.3 million as monitored by Leading National Advertisers. However, a Johnson spokeswoman says Raid ad expenditures are understated by LNA, because "Raid brands use a great deal of local and regional spot tv which is almost always understated by monitoring services." Raid is Johnson's leading product line.

Measured media support for the Raid line reversed a two-year decline. Raid Flea Killer Plus, which breaks the fleas' life cycle, received $2.6 million, equal to last year's expenditure for regular flea killer. Raid Indoor Fogger got $2.5 million in support, a 4.2% increase. Raid Yard Guard maintained its $1.2 million spending.

Although the Raid brand has come under increased competitive pressure from new product introductions by American Home Products' Boyle-Midway division and American Cyanamid Co.'s Shulton unit, analysts say Johnson successfully has maintained its 45% to 50% share of the $637 million household insecticide market.

OFF! personal insect repellent received a measured media spending boost of 12% to $2.8 million and continues to enjoy its position as leading repellent in the estimated $30 million category. Cutter insect repellent, from a division of Miles Laboratories, Elkhart, Ind., is the No. 2 brand.

Johnson's Rydelle Laboratories subsidiary in 1985 began advertising Aveeno bath products, a line it picked up from the 1984 acquisition of Cooper Laboratories, Palo Alto, Cal.

Aveeno received more than $3 million in measured media spending, spread between national tv and magazines.

Rydelle also began marketing Zact toothpaste, part of its agreement with Lion Corp., one of Japan's largest consumer products companies. Zact, a smoker's toothpaste, was supported with more than $3.4 million in measured media spending, the majority on network tv.

The marketing subsidiary also continued promoting Fibrall laxative wafers, a line extension to the company's Fibrall sugar-free, high-fiber laxative powder.

Fibrall has maintained an estimated 10% share of the bulk laxative segment and about 3% of the total $380 million category, according to Glen Denyent, pharmaceutical analyst with Charles Kline & Co.

Metamucil, marketed by Procter & Gamble, is the leading laxative. Fibrall received more than $5.5 million in measured media spending.

In its home care group, Johnson's Pledge furniture wax continued leading the division in measured media spending with $6.5 million, up 25.2% from 1984. Pledge commands a 33% dollar share of the $215 million dusting aids and wood polishes category (manufacturer's level), about the same as last year, according to Charles Kline & Co. However, Kline reports say Johnson's case share of the entire category is down three percentage points to 45% from 1984. Johnson's new Duster Plus, introduced in early 1985, is the company's first wax-free furniture polish.

The brand received $5.2 million in measured media spending and has achieved an estimated 5% share of the category.

Johnson's main competitor, Endust, from Bristol-Myers's Drackett Co., has an estimated 17% share, according to Charles Kline & Co. Favor, holding a 4% share, received $619,000 in measured media spending in 1985, up 67%.

P&G and Johnson teamed up for a joint tv/print promotion, "The winning shine," in mid-1985 in promoting Ivory dishwashing liquid and lemon Pledge, respectively. This is one of the first promotions Johnson has held with another company.

Johnson discontinued marketing Glade Spinfresh air freshener bathroom tissue holder, turning its attention to new Glade Fabric Fresh dry aerosol air freshener and Glade Light. J. Walter Thompson USA, Chicago, helped introduce Glade Light in mid-1986, stressing its lower perfume levels.

Glade received more than $5.2 million in measured media spending, up 36%. Glade holds a leading 40% share in the aerosol air fresheners market, worth $190 million (manufacturer's level), according to Kline.

Shout prewash laundry soil and stain remover, which continues holding a 31% share of the $139 million (manufacturer's level) category, received $3.2 million in measured media spending, up 7.2%. Shout is the No. 2 brand behind Dow Chemical's Texize division's Spray 'n Wash.

Among Johnson's floorcare products, Future liquid floor finish and Brite liquid floor finish received the most in measured media spending, about $3 million each.

Of the declining $160 million floor polishes and waxes category, Johnson continues holding a 60% share, with Johnson's Future, Clear and Glo-Coat accounting for 33% and Brite, 20% of the over-all market.

Step Saver, a one-step liquid floor wax, received only $291,700 in measured media, a 56% drop. It holds a 10% share of category.

In February, 1986, Johnson sold its Northern Laboratories subsidiary to a group of private investors headed by J.D. Cullen, formerly the unit's strategic planning director. Mr. Cullen is now president of Manitowoc, Wis.-based Northern.

The unit is continuing to market J-Wax cleaning products, Capri bath and haircare products and the Goddard specialty cleaning line. The estimated $3 million ad account was shifted to Keller-Crescent, Evansville, Ind., from Zwiren & Wagner, Chicago.

In early January, 1986, the Johnson Wax Associates subsidiary was sold to Samuel C. Johnson, chairman and ceo of Johnson Wax, and to his family.

Mr. Johnson says he and his family plan to retain majority control of the acquired subsidiary, which is a holding corporation of a group of recreational and leisure time companies. It is now called Johnson Worldwide Associates.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$10,531	$12,460
Newspaper	667	636
Newsp. supp.	1,866	1,778
Bus. pubs.	1	49
Network tv	46,079	26,155
Spot tv	2,114	4,220
Network radio	4,193	3,022
Spot radio	2,310	3,094
Network cable	847	226
Total measured	78,308	54,031
Unmeasured	66,658	42,760
Total	146,166	96,791

S.C. JOHNSON & CO.
U.S. CONSUMER PRODUCTS
1525 Howe St.
Racine, Wis. 53403
(414) 631-2000

Corporate Personnel

G.W. Dahl, exec vp

Marketing Personnel

D.C. Henry, vp-sales
W.R. Nottleson, vp-mktg & financial services
H.A. Sues, vp-genl mgr-home care
B.W. Pritchard, vp-genl mgr-insect control
C.J. Goldthwaite Jr., vp-genl mgr-personal care
A.B. Premer, dir-media & consumer relations
P.J. Greger, pr mgr
R.D. Perry, new prods devel mgr
J.W. Hutterly, category mgr
K.H. Smith, category mgr
H.B. Beighley, category mgr
S.E. Johnson, category mgr
C.L. Colman, category mgr
R.L. Ziegenhagen, category mgr
W.C. Thomson, category mgr
J.D. Harper, category mgr

Advertising Agencies

Foote, Cone & Belding, Chicago—Raid, Off, Future, Brite, Shout, Duster Plus—P. Vernon, sr vp-group acct dir.

Lois Winard Patton McIver, New York—Curel—Sally Winard, acct mgmt and Judy Lotas.

J. Walter Thompson USA, Chicago—Soft Sense, L'Envie by Agree, Pledge, Favor, Step Saver, Glade, Edge, Agree—J. Furr, sr vp-group acct dir.

RYDELLE LABORATORIES, INC.
Racine, Wis.

Corporate Personnel

G.C. Montezemolo, vp-genl mgr

Marketing Personnel

R.W. Pike, mktg mgr

Advertising Agencies

Laurence, Charles, Free & Lawson, New York—Zact toothpaste, Fibrall laxative.

Lowe Marschalk Co., New York—Aveeno cleansing bars & bath prods, Rhuli antiseptic & anti-itch prods—Kenneth Roffe, exec vp, Peter Derek, mgmt service dir.

Marketing Personnel

Rebecca M. Pike, mktg mgr

Advertising Agencies

Laurence Charles Free & Lawson, New York—Zact toothpaste, Fibrall laxative.

Lowe Marschalk Co., New York—Aveeno cleansing bars & bath prods, Rhuli antiseptic & anti-itch prods—Kenneth Roffe, exec vp, Peter Derek, mgmt service dir.

Rank **8**

K mart Corp.

Troy, Mich.

($ in millions)

Worldwide	1985	1984	% chg
Sales	22,420	21,096	6.2
Net income	221	499	(55.7)
U.S. advertising	567	757	(25.1)

Division sales	1985	1984	% chg
General merch.	20,114	20,410	(1.5)
Specialty retail	2,306	686	236.2

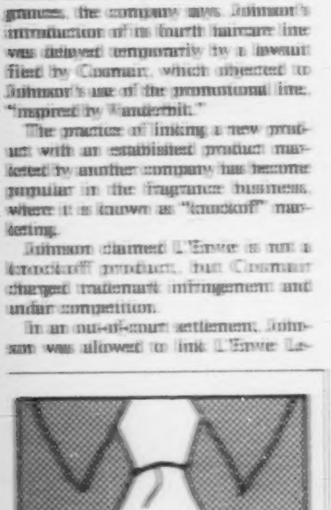
K mart Corp. has turned its attention to tightening financial controls while expanding the profitable enterprises it already has in place in order to turn around a 55.7% decline in net income in 1985, a drop caused largely by a loss of $250 million from discontinued operations.

The nation's No. 2 retailer, which in fiscal 1986 has divested a Mexican joint venture retail operation and an insurance subsidiary, reported positive results in the first quarter, posting a 36% increase in net income over the year-earlier period, to $91.6 million, on sales of $5.21 billion, up 4.6%. The company reported sales up 7.2%, to $11.2 billion, for the first six months in 1986.

The company benefited in the first quarter from lower interest expenses stemming from a reduction of debt and a lower interest rate compared with 1985. Interest expense on debt was $39 million, compared with $46.5 million for the similar period the previous year.

K mart chairman Bernard Fauber predicts 1986 sales will be in the $24 billion range, but he says that passing No. 1 retailer Sears, Roebuck & Co., Chicago, is no longer a top priority. Nevertheless, some industry watchers predicted K mart would become the nation's largest general merchandise retailer by the end of the decade.

In December, 1985, K mart's retail sales exceeded those of Sears for the first time. For the year, Sears had retail sales of $26.55 billion, a $4.13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Source: ABC Pub. Stmt., 1986
SRDS Survey of Buying Power, 1986

billion edge.

K mart has been diversifying rapidly since 1984, spending $900 million to gain such specialty retailers as Waldenbooks Co., Builders Square and Pay Less Drug Stores Northwest. In addition, K mart also has home-grown Designer Depot, an off-price apparel chain begun in 1982, and two regional cafeteria chains, Furr's Cafeterias and Bishop Buffets, purchased in 1980 and 1983, respectively.

Specialty retailing provided about 11% of the company's total sales in 1985, compared with less than 5% in 1984. The specialty retailers were expected to make up 15% of the company's sales by 1990.

But K mart signaled that it would not stick with unprofitable operations when it divested itself of a Mexican joint venture and a wholly owned insurance subsidiary in January, 1986.

The Mexican venture, in which K mart had a 44% interest with Gemex S.A., a Mexican retailer, operated 18 food and general merchandise stores. K mart bought into the venture, known as Astra, in 1981 for $30 million, and losses since then had totaled $29 million.

The other divestiture, K mart Insurance Services, had been modestly profitable over the years, except 1985. Sale of the service, which operated in 172 stores, did not affect K mart's plan to offer financial centers in at least 1,000 stores, but the company decided its role would be as landlord.

With specialty retail stores accounting for a greater percentage of sales, they are also getting bigger shares of the capital spending and advertising budgets.

While total ad spending went up 2.3% in 1985 from the previous year, K mart execs say ad spending on the company's 2,332 general merchandise stores, including Kresge, Jupiter and K mart stores, actually declined. Mr. Fauber says 80% of K mart ad spending is handled in-house, primarily in rotogravure newspaper inserts. Ross Roy Inc., Detroit, handles K mart's electronic advertising.

And while K mart plans to open 32 new general-merchandise stores during 1986, it will open 222 specialty retail operations.

Those increases include 70 units to be added to the 935-unit Waldenbooks string, 41 Pay Less Drug Stores to be added to the 183 now open, 50 stores to be added to the 30-store Builders Square chain, 10 additional units to the 161-unit Furr's and Bishop cafeteria operations, and 51 stores to the 75-unit Designer Depot operation.

Capital spending for specialty retail stores was $287 million in 1985, up from $159 million the previous year, with the increase mostly attributable to the opening of 127 units during the year.

But capital spending for K mart's general merchandise stores fell from $561 million in 1984 to $430 million in 1985. The contemporary refurbishing of 250 stores, the opening of 14 new units and the installation of a Universal Product Code system in 135 stores accounted for most of that spending. The UPC system is expected to be in all K mart general stores by 1990, at a cost of $300 million.

In its general merchandise stores, K mart continued to pursue a strategy of offering more name brands, a larger assortment of higher-price merchandise and a more contemporary presentation of its goods, aimed at attracting more upscale shoppers and at getting consumers to spend more once inside the store.

The introduction of the Jaclyn Smith fashion collection for the fall of 1985 typified K mart's direction. Ms. Smith not only was a counter to Sears' use of Cheryl Tiegs, but she also fit into the upgraded image K mart was promoting through the use of brand names and remodeling of its stores.

Launch advertising via Ross Roy was aimed at active women, with actress Smith stressing the idea that she prefers comfortable yet stylish clothing away from the set. The skirts, trousers and blouses included in the fall collection were all priced between $16.97 and $24.97.

The Smith collection originally was offered only in major markets, covering 1,400 of 2,100 stores. When K mart announced in September, 1985, that it would pump an additional $11 million into electronic media to stimulate Christmas sales, the Smith line received a significant portion of the total. The collection spurred an estimated 6% to 7% total increase in high-profit apparel sales during the first quarter of 1986.

The third line of Jaclyn Smith clothing was introduced in March, 1986, along with a new ad theme line, "K mart. Yes, K mart." Commercials via Ross Roy pictured Ms. Smith wearing the clothing in a variety of "real life styles." K mart planned to use the new theme for advertising of all fashion apparel, cosmetics and accessories, although the longtime theme line, "the saving place," was visually continued in the K mart logo. The spring line was being carried in about 1,640 stores, and all of the 2,100 stores in the string were scheduled to get the fall collection.

K mart broke a new mainstream ad theme line, "America's favorite store," during ABC's 1986 Fourth of July weekend telecast of the rededication of the Statue of Liberty. Backed by a $10 million campaign, the claim was based on a survey by Simmons Market Research Bureau showing that more persons shop at K mart than at any other store.

In November, 1985, Dublin, O.-based Wendy's International opened one of its fast-food restaurants as a pilot in a K mart store in Canton, Mich., a Detroit suburb. Wendy's leased 1,800 sq. ft. in which it operates and staffs a restaurant that replaced a K mart-run cafeteria service. K mart and Wendy's say the demographics of their customers are nearly identical.

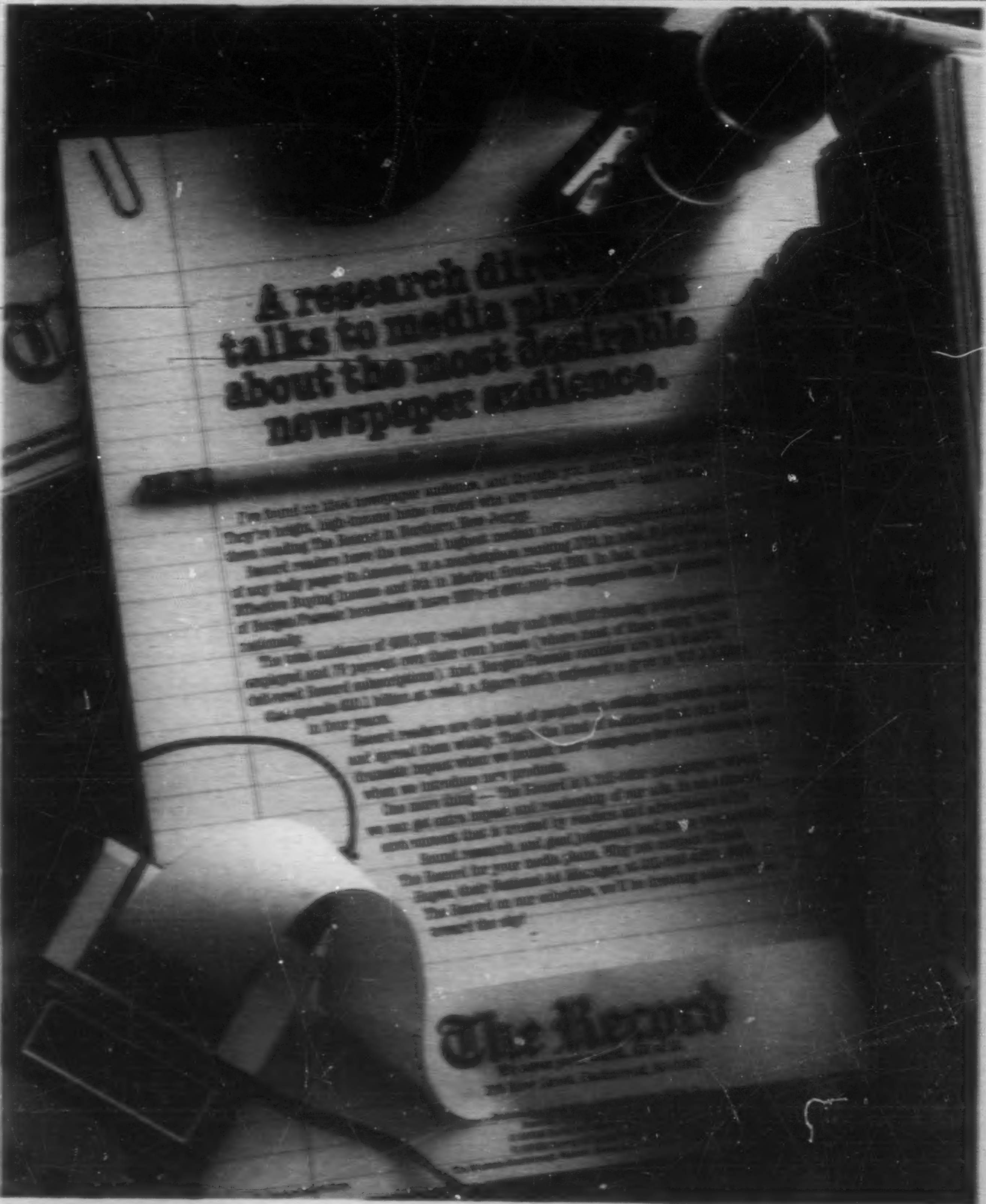
K mart began an aggressive expansion of its in-store consumer financial services in January, 1986. The first step was the addition of 34 stores and new services to a limited-banking program that it had operated since October, 1984, in 10 San Diego stores with First Nationwide Savings, San Francisco.

In the test, First Nationwide leased space from K mart and offered money-market certificates, certificates of deposit and individual retirement accounts. Those 10, plus the 34 new stores, began offering those services plus checking accounts, automated teller machines and mortgage prequalification services. First Nationwide operated out of 136-sq.-ft. booths. K mart intends to expand banking services through First Nationwide, which is affiliated with 26 other savings and loan associations in 23 other states.

In addition, K mart continued nine other tests of different mixes of financial services with an eye toward expanding the ones that succeed. Other tests included real-estate services, full and limited-service banking, consumer loans, automatic teller machines and insurance services. K mart says it anticipates offering different services in different markets.

But K mart officials indicate they aren't planning to follow the lead of Sears in offering a general consumer credit card or even a store credit card. K mart accepts Visa and MasterCard, which account for only 10% to 12% of sales volume—compared with 70% for some department stores—because K mart has no catalog sales and has a heavier mix of low-ticket items.

In June, 1986, K mart agreed to buy a $40 million telecommunications network to improve the efficiency of its marketing and credit-verification operations. The system would link the company's headquarters to its 2,100 stores, its regional offices and 10 distribution centers. Two GTE Corp. subsidiaries, GTE Spacenet, McLean, Va., and GTE Telenet, Reston, Va., will install the Skystar data network system.


A research director talks to media planners about the most desirable newspaper audience.
The Record

which should be completed by 1990.

In May, 1986, K mart stockholders at their annual meeting adopted staggered terms for their directors as a takeover defense.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazines	$10,726	6,791
Newsp. suppl.	4	22
Bus. pubs.	21	2
Network tv	16,222	43,208
Spot tv	23,237	19,024
Network radio	4,433	490
Spot radio	4,392	4,512
Outdoor	369	336
Network cable	515	452
Total measured	61,939	82,713
Unmeasured	505,069	474,502
Total	567,008	557,214

K MART CORP.
3100 W. Big Beaver Road
Troy, Mich. 48084
(313) 643-1000
Marketing Personnel
J.L. Moser, vp-sales & mktg
C.P. Ramsey, dir-mktg
E.P. Kuntz, dir-automotive sales mktg
G.K. Habeck, dir-adv
Tom McGilligan, Designer Depot mgr-mktg & adv
Advertising Agencies

(In-house) Media Westerners, Troy, Mich.—print adv for K mart stores, Designer Depot—Mike McClure, dir.

Ross Roy Inc., Detroit—print adv, broadcast media for K mart U.S.A., K mart Ltd. Canada—Peter Warwick, exec vp-creative dir; Bernie Shaffer, Roger Sherman, sr vps-mgmt supvrs; Larry Hedrick, vp-mgmt supvr.

BUILDERS SQUARE
San Antonio, Tex.
Marketing Personnel
G. Culbertson, dir-adv
Advertising Agency
In-house—G. Culbertson, dir-adv
PAYLESS DRUG STORES NORTHWEST
Wilsonville, Ore.
Marketing Personnel
D. Manning, vp-adv
Advertising Agency
In-house—D. Manning, vp-adv
WALDEN BOOK CO.
Stamford, Conn.
Marketing Personnel
Bonnie Predd, vp-mktg & adv
Advertising Agency
MCA Advertising, Westport, Conn.—Margo Franck, acct exec.
FURR'S CAFETERIAS
Lubbock, Tex.
Marketing Personnel
Dale Ames, dir-mktg
Advertising Agency
GSD&M/Houston—creative only—Bob Lowndes, president.
BISHOP BUFFETS
Cedar Rapids, Ia.
Corporate Personnel
Edward C. Bartz, president
Advertising Agency
CMF&Z, Cedar Rapids, Ia.—Robert Buckley, vp-acct supvr.

Rank **25**

Kellogg Co.

Battle Creek, Mich.

($ in millions)

Worldwide	1985	1984	% chg
Sales	2,930	2,602	12.6
Net income	281	250	12.2

U.S.	1985	1984	% chg
Sales	2,075	1,775	17.0
Operating profits	222	191	16.8
Advertising	394	322	22.4

Last year, Kellogg Co. gained two share points in the over-all cold cereal market as it increased U.S. ad spending 22.4%, and the 80-year-old food company strengthened itself against unwanted takeovers through a stock buyback.

In a move applauded by analysts, Kellogg bought 15 million shares of its stock, or 20% of its outstanding shares, from the W.K. Kellogg Foundation for $578 million. Earnings per share increased 36% to $2.28 in 1985, benefiting from the Kellogg's buyback.

Kellogg does nearly 90% of its business in cold cereals, a $4.45-billion market that grew 4% in sales and 5.4% in volume over the past year. As other cereal manufacturers—competitor General Mills in particular—have divested themselves of unprofitable nonfood subsidiaries, Kellogg has reaped the benefits of its conservative back-to-basics approach to business. The company claimed the tiger's share of category growth in 1985 with a 2% increase in volume and 1.3% increase in dollars, for a 42.4% and 41.8% market share, respectively.

General Mills also increased its over-all market share last year by fractions of a point in both dollars and volume, taking 23.7% and 20.9% of the market. General Foods lost a point in each column with a 13.3% volume share and 12.4% in dollars. Quaker Oats also lost, while Ralston Purina and Nabisco barely kept pace.

Sales for Kellogg's flagship Corn Flakes declined slightly in 1985 to an estimated $200.3 million, but the company's Frosted Flakes took the top market slot for individual brands, beating General Mills' Cheerios. Frosted Flakes brought in $256.3 million, a 5.7% share.

In measured advertising, Kellogg spent $213.2 million in eight media, up 20.7% from 1984. The company put most of its marketing thrust (and ad budget) into spot and network tv and strengthened its presence on cable tv networks.

Among its major media commitments, Kellogg increased spending on network tv to $156.4 million, up 22% from 1984. Spot tv was up 25.6% to $51.0 million, and network cable was $4.7 million, up 31.4%.

Kellogg's Just Right All Grain and Just Right Almond, Raisin & Nuts were rolled out in September, 1985, in the U.S. and reached a 0.3% annual market share. The fortified bran cereal was introduced in Australia in 1984.

In November, the company unveiled All Bran with extra fiber, a reformulated version of its high-fiber cereal. The company also continued its controversial ad campaign for the product, which links a high-fiber, low-fat diet to cancer prevention. The campaign, designed by J. Walter Thompson USA, with input from the National Cancer Institute, has been credited with boosting All Bran sales at the expense of General Mills' Fiber One and General Foods' Fruit & Fibre. It has also drawn scrutiny from the FDA and applause from the FTC.

Kellogg spent $11.5 million on All Bran tv spots in 1985. Fiber One had a $13.5 million rollout, and General Foods is estimated to have spent that much promoting two Fruit & Fibre varieties.

This summer, Kellogg introduced All-Bran Fruit & Almonds, a bran cereal with raisins, apples and almonds, adding another product to the $654 million bran cereal category. The rollout was accompanied by a $7 million network tv, print and coupon campaign targeted to adults older than 35. Other cereal entries this year included Nutri-Grain Almond Raisin, a line extension, and OJ's, a cereal partly sweetened with orange juice. OJ's was supported with $4.4 million in network and spot tv, but sales have been disappointing. Analysts say the product may be pulled if sales don't improve.

In 1985, Kellogg launched its first entry in the $438 million granola bar market—a category that grew only 3.5% last year. Nevertheless, Kellogg's Rice Krispies Bars grabbed an average 13% share in its distribution markets and a 6% share nationally. The company spent $9.3 million on advertising for the rollout.

The category is dominated by Quaker Oats with a 30% share and General Mills with 22%. In March, Kellogg introduced a new flavor to the line, Cocoa Krispies chocolate chip. It also added a peanut butter and jelly flavor to the frosted Pop Tarts line of toaster pastries.

Kellogg continued its gradual expansion of Whitney's yogurt, and by the end of 1985, the premium-priced product was available in large Midwest and West Coast markets, as well as on the East Coast where it debuted in 1982. According to the company, Whitney's sales doubled last year. Measured spending for the product was $3.97 million in print and tv, up from $1.4 million in 1984.

The company's Mrs. Smith's Frozen Foods subsidiary claimed more than 30% of the frozen pie market last year. Early this year, the division added a new variety to the Eggo waffle line, Nutri-Grain with bran and raisins. In 1986, the company expects to expand distribution of Salada brand teas, a product of its Salada Foods subsidiary.

Kellogg spent $246 million to upgrade production facilities in Australia, Canada, Great Britain, Germany and the U.S. in 1985. Capital expenditures in 1986 are expected to exceed $330 million. The company moved into a $70 million new headquarters building in Battle Creek in June of this year.

It also began work on a $500 million plant modernization project in Battle Creek. As a result of the upgrade, the company has discontinued tours of the plant for fear of attracting industrial spies. The decision has been very unpopular with Battle Creek residents, who benefit from tourists attracted to the Kellogg's tour.

Outside the U.S., Kellogg introduced Fibre Crunch in Canada and Sustain, a flaked wheat, corn and rice cereal with fruit, in Australia. [illegible], a presweetened [illegible] product, was launched in Mexico and Muesli, a multi-grain cereal product, was introduced in Spain. In West Germany, the company introduced Knusper Menue, a multigrain product, and in France Kellogg's Miel Pops and Choco Pops, two presweetened cereals, were launched. Kellogg has [illegible] of its assets in overseas operations and collects 27% of its sales outside the U.S.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazines	7,030	11,219
Newspaper	460	1,078
Newsp. suppl.	2	336
Bus. pubs.	641	723
Network tv	156,431	128,080
Spot tv	51,093	40,641
Spot radio	673	375
Outdoor	13	11
Network cable	4,725	3,594
Total measured	214,299	177,622
Unmeasured	180,000	144,328
Total	394,299	321,950

KELLOGG CO.
One Kellogg Square
P.O. Box 3599
Battle Creek, Mich. 49016-3599
(616) 961-2000
Marketing Personnel
M.D. Simpson, exec vp-sales & mktg
R.T. Lambert, vp-sales
W.R. Wiseman, vp-mktg-cereal
K.C. Smith, dir-mktg services
Advertising Agencies

Leo Burnett USA, Chicago—cereals, toaster pastries—William Lynch, vice-chmn; James Jensen, sr vp; Bill Whitman, vp-acct dir; Gary Singer, Tim O'Dea, Al Keefe, acct supvrs; Edward Prochoris, Kim Peyser, Patty Bloomfield, Jeff Thompson, Glenn Adilman, Ellie Callison, Elizabeth Elrod, acct execs.

Vince Cullers Advertising, Chicago—Black mktg—Vince Cullers, president.

J. Walter Thompson USA, Chicago—cereals—Jack Tilden, sr vp-group acct dir; Paula Cahn, sr vp-acct dir; Karen Kubalsky, Susan Frankel, Peter Seymour, Pat Madison, acct supvrs; Susan Della Maddalena, Erin Clark, Mitch Kiler, Mark Winters, acct execs.

U.S. SUBSIDIARIES
Corporate Personnel
D.E. Coulter, group exec vp
MRS. SMITH'S FROZEN FOODS CO.
Pottstown, Pa.
Corporate Personnel
G.E. Coulter, chmn
J.J. Perrey, president
J. MacDonald, eastern zone mgr
P. Barros, western zone mgr
SALADA FOODS
Little Falls, N.Y.
Corporate Personnel
R.J. Laverne, president
Marketing Personnel
E.F. Kline, sr vp-mktg & sales
WHITNEY'S FOODS
Battle Creek, Mich.
Corporate Personnel
M.L. Wirth, president
Advertising Agency

Leo Burnett USA, Chicago—teas, pies, waffles, yogurt—Dell Collins, acct dir; Robert Roy, acct supvr; Al Chichester, John Hilbrich, acct execs.

FEARN INTERNATIONAL
Franklin Park, Ill.
Corporate Personnel
D.E. Thompson, president
Marketing Personnel
E.K. Jorgensen, sr vp-sales & mktg
Advertising Agency

Weil, Morris, Davis & Wunder—Rockford, Ill.—Perry J. Wunder, vp.

Top 25 network tv advertisers

Rank	Advertiser	Network tv ad expenditures 1985	1984	% chng	as % of co.'s 1985 ad total
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
6	American Home Products Corp.	183,594	179,024	2.6	45.9
7	RJR/Nabisco	179,254	173,543	3.3	36.4
8	American Telephone & Telegraph Co.	167,729	210,117	(20.2)	32.2
9	Kellogg Co.	156,431	128,080	22.1	42.9
10	Johnson & Johnson	154,964	168,639	(8.1)	38.6
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
16	Coca-Cola Co.	124,708	145,334	(14.2)	29.4
17	General Mills	114,572	114,827	(0.2)	23.6
18	Beatrice Cos.	111,649	108,312	3.1	16.3
19	Dart & Kraft	111,182	121,329	(8.4)	22.7
20	Ralston Purina Co.	102,627	94,096	9.1	20.2
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

NOTE: Dollars in thousands. Source: Broadcast Advertisers Reports as reported by Leading National Advertisers

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RANK
54

Loews Corp.

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	[illegible]	[illegible]	[illegible]
Net income	[illegible]	[illegible]	[illegible]
U.S. advertising	[illegible]	[illegible]	(17.1)
Division sales	**1985**	**1984**	**% chg**
Cigarets	[illegible]	[illegible]	[illegible]
Hotels	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Life insurance	[illegible]	[illegible]	[illegible]
Property cas. ins.	[illegible]	[illegible]	[illegible]
Theaters	[illegible]	[illegible]	[illegible]

Loews Corp. sold its most unprofitable business—movie theaters—and slashed spending in measured media advertising for its cigaret brands as it relied on growth and big returns to come from Lorillard, its cigaret unit, and the second most advertised division, CNA Financial Corp.

Lorillard, after dropping 4% in sales in 1984 from 1983, returned to positive growth in 1985. The cigaret division has been a steady money maker, however. Its net income increased 13.2% to $137.1 million in 1985 following a 13% increase the previous year.

Lorillard, in the seven media monitored by Leading National Advertisers, cut measured media advertising 17.8% on its cigaret brands in 1985 and saw its share of the total cigaret market decline slightly from 8.2% to 8.1%. The company credits the decline largely to the increase in sales of generic and price/value cigarets, markets in which Lorillard has no entries.

Among full-priced cigarets, Lorillard increased its market share from 8.4% to 8.8%. Lorillard contributes 22.4% of Loews' total revenue.

Newport, Lorillard's leading brand, nudged into the top 10 domestic sellers of all cigarets in 1985, edging out Lorillard's former flagship brand, Kent, for the first time. Newport's market share for 1985 was 3.4%, an 11.8% increase over 1984. Newport and Philip Morris' Marlboro were the only brands to post increases among the top 10 in 1985.

Loews spent more to advertise Newport—$31.9 million for the brand line—than on any of its other brands or noncigaret products. Loews has been increasing the Newport franchise the past few years. It spent $31.9 million, for example, on the line in 1984, up 23% from 1983, according to LNA. Newport menthols were backed with about $20.5 million in measured advertising—more than half of that in outdoor advertising.

Lorillard rolled out a new brand, True Gold, in 1985, in three low-tar, nonmenthol offerings. Dancer Fitzgerald Sample, New York, agency for the other True products, is handling the new cigarets. The company spent more than $6 million to advertise the new brand out of a total expenditure of $11 million for the True line. Spending on the line has been declining steadily the past three years. True measured media in 1985 was 10% off the 1984 level, which was 12.7% less than in 1983.

Kent spending hit $14.8 million in measured media, up from $14.6 million in 1984, but still far below $21.5 million in 1983. Kent added a Golden Lights 100's package in 1985. As a result of Kent's declining sales, Lorillard underwent an agency review for the Kent family in 1985, choosing BBDO, New York, to replace Foote, Cone & Belding, New York.

Loews' financial arm, CNA Financial Corp., which made [illegible] of Loews' revenue and 44% of [illegible] income in 1985, recorded a 41.3% increase in revenue in the property-casualty division. That increase came on the heels of a 17% rise recorded in 1984. Net income in the unit soared 219% to $228.5 million. The life insurance sector of the CNA business, however, experienced a 25% decline in net income to $45.2 million.

The company attributes its growth in the insurance business to the dramatic turnaround in the property and casualty marketplace—one keen by soaring premiums because of large settlements, the increased frequency of claims and the cost of litigation. CNA received nearly $4 million in measured media advertising in 1985, about the same as in 1984.

Bulova Watch Co. posted net income of $16.7 million, up from $3.1 million in 1984 and a loss in 1983. Bulova introduced Ultima, a line of 14-karat gold and full-cut diamond watches, in 1985 and expanded its collection of other diamond watches. Bulova spent $600,000 on measured advertising last year, mostly in magazines. This represents a substantial decrease over the previous two years.

Loews had an aftertax gain of $81.1 million from the sale of its motion picture theater business in July, 1985. That accounted for 13.7% of total net income. The 220-screen group with operations in six states was sold to a group headed by A. Jerrold Perenchio, producer and former co-owner of Embassy Communications.

In other developments, Loews increased its holdings in CBS Inc. from 11% to 24.9%.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazines	[illegible]	[illegible]
Newspapers	[illegible]	[illegible]
Newsp. supp.	[illegible]	[illegible]
Bus. pubs.	[illegible]	[illegible]
Spot tv	[illegible]	[illegible]
Spot radio	[illegible]	[illegible]
Outdoor	[illegible]	[illegible]
Network radio	[illegible]	[illegible]
Total measured	[illegible]	[illegible]
Unmeasured	[illegible]	[illegible]
Total	[illegible]	[illegible]

LOEWS CORP.
666 Fifth Ave.
New York, N.Y. 10103
(212) 841-1000
LORILLARD DIV.

Corporate Personnel

J.R. Ave, president-ceo

Marketing Personnel

R.H. Orcutt, sr vp-sales
T.H. Mau, sr vp-adv & brand mgmt
S.R. Ridgway, vp-pr
J.P. Mastandrea, vp-sales
L. Gordon, vp-trade devel
G.R. Telford, group brand dir
E.M. Kiernan, group brand dir
J.J. Dagnino, group brand dir
W. Smith, media dir
F.A. Lawless, sales promo dir
S.T. Jones, mktg tech dir
R.D. Hammer, sr brand mgr
A. Prakatkin, sr brand mgr
V.P. Carnes, brand mgr
M.A. Kaviana, brand mgr
V.D. Lindsley, brand mgr
C.D. Ray, brand mgr
J.A. Guardino, asst brand mgr
N. Lefeve, asst brand mgr

Advertising Agencies

BBDO, New York—Kent Family (Kent, Kent III, Kent Golden Lights); new prods—Joe Barrett, vp-sr mgmt rep; Ken Angel, sr vp-mgt super; William "Bud" Sawyer, vp-acct super.

Dancer Fitzgerald Sample/Cochran, New York—True, Triumph, Beech-Nut chewing tobacco, new prods—Tom Bolton, mgmt dir; Mike Jeary, mgmt super.

MCA Advertising, New York—Newport, new prods—Warren Dechter, exec vp; Ed Klein, sr vp.

LOEWS HOTELS

Corporate Personnel

Robert Hausman, chmn-ceo
Jonathan Tisch, president
William Mulbach, exec vp-domestic operations

Marketing Personnel

Philippe Bord, vp-mktg
Marian Sussman, dir-adv & sales promo
Michelle Caldas, dir-pr

Advertising Agencies

Ayer & Serraille, Palo Alto, Cal.—Ed Serraille, partner.

Cavalieri & Kleier, New York—Jim Kleier, acct exec.

Warren/Kremer Advertising, New York—Christine Marino, acct exec.

CNA INSURANCE COS.
Chicago, Ill.

Corporate Personnel

Edward J. Noha, chmn-ceo

Marketing Personnel

Philip L. Engel, vp-mktg
James G. Pettersen, sen vp, life/health/annuity distribution, field operations
Susan H. Hogan, sr mgr-corp communica-

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tions

Advertising Agency

Frank C. Nahser Inc., Chicago—business, trade publications—Frank Nahser, president.

BULOVA WATCH CO.
Jackson Heights, N.Y.
Corporate Personnel
Andrew H. Tisch, president
Marketing Personnel
Robert E. Ryan, vp-mktg
Marna Phillips, dir. of communications & sales promo.
Advertising Agency
McCaffery & Ratner, New York—David Hooper, sr vp-mktg dir.

Rank **30**

Mars Inc.

McLean, Va.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	N/A	N/A	N/A
Net income	N/A	N/A	N/A
U.S. advertising	276	217	26.9

Mars Inc. is battling the candy wars by throwing 27% more dollars into its ad budget and rolling out new artillery, its chocolate-coated granola bar, Kudos.

The company's tactics temporarily have staved off the threat of Hershey overtaking Mars in market share in 1985, analysts say. The two candy giants are now about equal, with Mars maintaining a slim lead with a 36-37% share of the market.

For all divisions in 1985, Mars spent an estimated $276 million, up 26.9% from 1984, when Mars increased its advertising nearly 15%. While spending for candy and pet food rose dramatically, the budgets for snacks and Uncle Ben's rice products fell.

Mars Inc., headquartered in McLean, Va., is privately held and secretive about sales and operations. In April, 1986, however, the M&M/Mars division, with great fanfare, announced its first new national confection product in a decade, Kudos, available in chocolate chip, nutty fudge and peanut butter flavors. Mars' last national confection introduction was Twix in 1976.

Kudos goes up against Quaker Oats' granola bar, which has a 50% share of the $300 million category. Kudos will be available nationally by the end of the year, says Whitney Hill, M&M/Mars director of trade relations. "We think there's a lot more growth potential in the market," he says. Because Mars has more candy experience than its granola competitors, Mr. Hill says, "We think we can produce a much better product than what's on the market."

Other changes in M&M/Mars' candy lineup include new flavors for Royals, the mint confection aimed at adults. Irish cream, cherry and almond Royals were introduced in May, 1986. Mars had distributed Royals only in Washington and Baltimore for two years, but last October made them available in Atlanta. No other markets are scheduled.

Last year Mars discontinued Summit, a chocolate wafer confection. It continues to sell a king-sized Snickers bar and a larger size M&Ms. Larger bars are highly popular, and rival Hershey recently announced it will increase the size, but not the price, of its candies.

Measured media spending according to Leading National Advertisers for major Mars candy brands includes: 3 Musketeers, $6.5 million, up 33%; Lockets cough drops, $30,000, down 90%; Mars bar, $5.3 million, up 56%; M&Ms (plain and peanut), $25.1 million, up 77%; Milky Way, $6.9 million, up 8%; Royals mint chocolates, $300,000, up 200%; Skittles, $5.4 million, up 38%; Snickers, $25.7 million, up 41%; Starburst, $5.6 million, up 14%, and Twix, $12.1 million, up 64%.

Mars' pet food division, Kal Kan, raised measured spending 28.7% to make a dent in what has been a flat category. It introduced two new products, Pedigree dog treats, and Pedigree Marrobone dog biscuits. The division also is testing new sizes and flavors for its canned dog and cat foods. To appeal to owners of small dogs, the company introduced 5-oz. cans of Kal Kan dog food, which is regularly available in 14-oz.

In selected markets, a 22.4-oz. can of Kal Kan dog food in chunky beef and liver and beef flavors is being tested. Also, gourmet cat flavors—savory white fish, tender veal and chicken liver dinner—were added to the Kal Kan cat food lineup in March, 1986. In the West, a 22-oz. size of Kal Kan cat food is being tested.

Kal Kan, with 1985 sales of $140 million, down slightly from 1984, remains the No. 2 canned dog food brand behind Alpo, according to estimates by John Maxwell, an analyst for Furman Selz Mager Dietz & Birney, New York. Mealtime dry dog food dropped slightly in sales to $67 million and fell to seventh from fifth place, according to Mr. Maxwell.

Kal Kan canned cat food also continues to hold second place in the category, with 1985 sales estimated at $189 million, behind Heinz' 9-Lives cat food. Crave dry cat food slipped from No. 4 to No. 5, with sales of $50 million.

Measured spending for the Kal Kan division as monitored by LNA includes: Kal Kan canned dog food, $5.4 million, up 1%; Mealtime dry dog food, $8.3 million, up 14.6%; Kal Kan canned cat food, $8.4 million, up 82.8%; Crave dry cat food, $7.3 million, up 55%; Pedigree dog treats (new), $400,000; Pedigree Marrobone dog biscuits (new), $10,000.

Mars' Uncle Ben's division late last year rolled out Country Inn rice mixes, available nationally in four flavors. Country Inn must compete with a host of new rice mix products recently introduced by rivals Riviana and Thomas J. Lipton Inc. Measured spending for Uncle Ben's, however, dropped 7.7% in 1985. Uncle Ben's rice was backed by $14.6 million, down 15.6%; Country Inn (new), $1.4 million, and Uncle Ben's side dishes, $20,000, up 406%.

Mars folded its Snackmaster division into its Mars Broker division last year, and advertising support for those products fell 10%. Combos cheese-filled pretzels are still available only in 60% of the country, while Combos cheese crackers remain in 21%. Combos may expand into a few more markets before the end of the year, but no further rollouts are planned for Cornquistos filled snacks (available in the Southwest) and Dooley's (in the Midwest).

Measured spending for snacks includes Combos, $2.6 million, down 14.2%; Cornquistos, $1.3 million, down 19%; Dooley filled snacks (new), $10,000; Dooley potato chips (new), $700,000.

Mars in early August, 1986, purchased DoveBar International, Chicago, maker of the superpremium-priced, chocolate-covered ice cream bars and newly introduced Dove Delight, an ice cream dessert. This is the first entry by Mars in the ice cream and frozen dessert market.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	33,623	36,728
Newspaper	377	409
Newsp. supp.	347	229
Bus. pubs.	1,291	142
Network tv	87,214	60,605
Spot tv	46,304	42,779
Network radio	1,991	479
Spot radio	131	1,202
Outdoor	7	106
Network cable	1,307	85
Total measured	172,286	139,021
Unmeasured	103,210	97,128
Total	275,396	217,152

MARS INC.
1651 Old Meadow Rd.
Westgate Park
McLean, Va. 22102
(703) 821-4900
M&M/MARS DIVISION
Hackettstown, N.J.
Corporate Personnel
Howard L. Walker, president
Marketing Personnel
J. Langdon, sr vp-brands & sales
Randy Weiss, vp-sales
MARS BROKER DIVISION
Marketing Personnel
Ted Luster, natl sales dir.
UNCLE BEN'S INC.
Houston, Tex.
Corporate Personnel
Bill Hellems, president
Marketing Personnel
Al Aragona, vp-mktg & sales
KAL KAN FOODS
Vernon, Cal.
Corporate Personnel
Thomas Armstrong, president
Marketing Personnel
John Murray, vp-brands
Advertising Agencies

Ted Bates Advertising/New York—pet foods, Kal Kan canned dog food and cat food, Mealtime dry dog food—Jerry Brady, exec vp; John Stringer, mgmt rep. Candy & snacks, Kudos, M&M's chocolate candies (plain and peanut), Snickers, Milky Way, Royals mint chocolates, Starburst fruit chews, Summit bar, Snack-master's Combos filled snack—Larry Light; Sheila Peterson, exec vps. Uncle Ben's—Randy Hackett, exec vp; Alan Kalter, mgmt rep; Paul Damiano, acct super.

Leo Burnett USA, Chicago—candy, snacks, 3 Musketeers bar, Twix caramel cookie bar, Mars almond bar, new products—Dan Reed, acct dir.

D'Arcy Masius Benton & Bowles, St. Louis—pet foods, Crave dry cat food, WPS canned dog food, candy, snacks, Cornquistos filled snack, Dooley's filled potato chips, Skittles bite size candies, new products—Rich Spain, sr mgmt rep.

Zechman & Associates, Chicago—DoveBar—Bud Davis, sr vp; Rich Roberts, acct super.

Rank **92**

Matsushita Electric Industrial Co.

Secaucus, N.J.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	24,868	19,860	25.7
Net income	1,214	1,000	21.4
U.S.	**1985**	**1984**	**% chg**
Sales	3,700	3,500	5.7
Advertising	86	94	(8.4)
Division sales	**1985**	**1984**	**% chg**
Video equip.	9,211	8,540	8.0
Audio equip.	2,228	2,340	(5.0)
Appliances	2,800	2,387	7.2
Inform. equip.	4,228	3,877	(10.2)
Electr. compnts.	2,801	2,876	(1.0)
Kitchen prods.	900	893	1

Matsushita Electric Industrial Co., the Osaka-based producer and marketer of National, Panasonic, Technics and Quasar consumer electronics brands, continues to draw heavily upon overseas markets for growth, supporting its sales efforts with increasing advertising outlays.

During 1985, a second-half downturn in its overseas markets left the company with a 7% sales growth. Nonetheless, overseas sales grew to 50% of total corporate sales, up from 48%—reflecting a 9% growth in overseas market compared with a domestic (Japan) sales increment of only 5%.

Video equipment, the company's largest segment, representing 37% of total sales, advanced 9% for the year in sales, with growth coming particularly from strong vcr sales (Panasonic) in the U.S. and color tv sales to the People's Republic of China.

Audio equipment sales, representing 9% of total sales, however, dropped 5% from 1984 because of slow demand.

Matsushita, which already produces color tvs, electronic components, cellular mobile telephones and other products in North America, is studying U.S. production of vcrs and other products.

Matsushita is a big second-party producer, like many of the Japanese companies. Toshiba, for example, makes Polaroid's 8mm line of video cameras, and Matsushita makes Kodak's 8mm line. Matsushita also has a contract to make large-screen tv sets for General Electric, which last year abandoned manufacturing them in the U.S. because of the expense.

Besides serving as a second-party manufacturer, Matsushita has proven highly innovative. This year it has introduced a 3-in. color tv that doubles as a video camera monitor. Matsushita, however, has yet to join other Japanese consumer electronics giants, Sony and Canon, in the rush to offer the 8mm camcorder, which has a 5-10% share in the vcr market. A Matsushita line would probably cannibalize itself if it did market its own 8mm in addition to producing them for others. Its Secaucus, N.J.-based Panasonic unit is one of the leaders in the vhs market.

Matsushita placed $23.1 million or 70% of its seven-media LNA measured figure in its magazines. Spending in that medium was up 23% from 1984. It spent $6.9 million on spot tv, down considerably from $13.8 million in 1984 when it spent $5.3 million for Panasonic Omnivision component video systems. That same product in 1985 received only $1.3 million.

The new Panasonic Omnivision video camera received $4 million, some $2.6 million in spot tv and $1.4 million in magazines. Panasonic color tv sets received $2.5 million, largely in spot tv, up from $2 million in 1984.

Panasonic brand spending totaled $24.7 million. Spending was actually down 7.5% from 1984.

Quasar spending totaled $5.7 million, up 26.7%. Quasar products include color tv sets, vcrs, compact disc players and microwave ovens. The other main brand at Matsushita, Technics, drew $2 million in support, largely magazines, down 26%.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$23,120	$18,690
Newspaper	4,346	1,817
Newsp. supp.	26	1
Bus. pubs.	4,268	4,187
Network tv	902	1,888
Spot tv	6,940	13,817
Network radio	431	296
Spot radio	1,389	1,202
Outdoor	402	245
Network cable	1,138	647
Total measured	42,826	46,759
Unmeasured	43,174	47,140
Total	86,000	93,899

MATSUSHITA ELECTRIC CORP.
One Panasonic Way
Secaucus, N.J. 07094
(201) 348-7000
PANASONIC CO.
Marketing Personnel
Henry Hamanaka, ceo
Ralph Wolfe, sr vp-sales & mktg
Steve Kasda, sr vp-planning & merch
Bob Greenberg, genl mgr communications
Stan Ramers, vp-group mgr, VHS products
Paul Adams, genl mgr-televisions
Dick Lawrence, vp-group genl mgr audio/home information prods
Bill Kane, asst genl mgr, home information prods
Mickey Tortorici, genl mgr, Panasonic Car Audio
Mike Aguilar, vp-group genl mgr, home/car audio
Maurice Gulbeen, vp-group genl mgr, home appliance
Advertising Agencies
Ted Bates Advertising, New York—Vito Mandato, mgmt rep; Robert Miller, acct super.
Grey Advertising, New York—Robert Bernstein, exec vp-admin.
QUASAR
Marketing Personnel
Jack Pluckhan, president-ceo
Keith Yoshikawa, exec vp
Tom Lauterbach, genl mgr-adv & pr
Wally Fraser, asst genl mgr, appliance div.
Advertising Agency
Needham Harper Worldwide, Chicago—David Handelman, media super; Lynn Palmore, vp-assoc media dir; Fran Wager, media planner; Bob Bertolotti, acct super; Mike Zarantis, mgmt rep.
PANASONIC INDUSTRIAL CO.
Marketing Personnel
K. Seki, president-ceo
Carl Lindquist, adv mgr
Frank Novak, genl mgr-adv div.
Advertising Agencies
Ted Bates Advertising, New York—John Noakes, exec vp-acct mgmt.
Grey Advertising, New York—Robert Bernstein, exec vp-admin.
Sommer Inc., New York—Robert Shulman, acct super.

Rank **93**

Mattel Inc.

Hawthorne, Cal.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	1,251	881	19.2
Net income	71	49	(8.1)
U.S.	**1985**	**1984**	**% chg**
Sales	795	697	14.0
Operating profits	97	106	(8.7)
Advertising	85	75	13.3

Sales at Mattel Inc. began to slide in early 1986, prompting industry observers to predict a de-escalation in ad support for the leading toy company, which spent its way out of a sales depression two years ago.

Mattel's advertising and promotion dollars spent in the U.S., which have more than doubled since 1983, equaled 11% of net sales in 1985 compared with 10% a year earlier when the company launched a year-round marketing program to promote toy sales rather than save most of its promotional marbles for the fourth quarter when most toys are sold.

But Mattel "is going sideways now in an earnings sense," says vp-entertainment industry analyst Harold Vogel, Merrill Lynch, New York. Mr. Vogel anticipates Mattel will slightly outperform a somewhat sluggish toy industry in 1986—a $12 billion market

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tion, he estimated, should grow 6% to 7%.

Both sales and advertising dipped in the first six months of 1986 compared with 1985. Worldwide sales dropped to $642.4 million, down 7% from the corresponding year-earlier period. Advertising and promotion also fell 5% for the six months, to $73.3 million. Analysts see the results as a leveling off from Mattel's rapid turnaround, and sources say ad spending will be down during 1986. "They [Mattel] aren't having the year they're hoping for, but neither are the other major toy companies," one observer says.

Worldwide, in 1985 Mattel spent $185.7 million in advertising and promotion, compared with $139.9 million in 1984. "Our ad spending abroad isn't growing as fast as our sales growth there," a company spokesman says. Mattel subsidiaries in Western Europe, Canada, Mexico and the Far East contributed $141.4 million in consolidated income from continuing operations before income taxes in 1985.

The Mattel name is synonymous with toys, its sole business after an ill-advised foray into the home video market in 1983 brought Mattel near the brink of bankruptcy as it posted a loss of $394 million that year. But the toy marketer retrenched in 1984 and sold its home video division to INTV, Torrance, Cal.

Mattel's Masters of the Universe, Princess of Power, Barbie and Rainbow Brite continue to be its stalwarts. Masters generated an estimated $350 million in worldwide sales last year. The product currently ranks second in the U.S. toy market behind Pawtucket, R.I.-based Hasbro's Transformers.

He-Man continues to flex his muscles in foreign markets as well. Besides opening new markets in Spain and Argentina, Mattel has gained strength in traditional European markets, as Masters became the No. 1 toy in Germany.

Mattel also handles foreign distribution for World of Wonder's Teddy Ruxpin and Voltron male action figures. The latter, buoyed by a successful animated series, has done extremely well in the U.S.

Mattel pressed the market with new products and line extensions in 1985, a policy it vows will continue at a record-setting pace. New products generated $125 million in worldwide sales in 1985, and company sources project more than $200 million in new product sales for 1986.

My Child, an attempt to capitalize on the success of West Hartford, Conn.-based Coleco Industries' Cabbage Patch Kid dolls, received Mattel's most concentrated ad support in 1985—more than $11 million in spot and network tv. Large, realistic dolls continue to enjoy double-digit growth as a category.

Mattel also brought a new twist to the transformable toy market, launching a $10 million tv campaign in early 1986 for Popples, a plush transformable animal collection. The Pattins, animal characters with detachable parts, also tapped the plush-toy market.

M.U.S.C.L.E., an acronym for Millions of Unusual Small Creatures Lurking Everywhere, made its debut with spot tv and print support in late 1985. The line features 233 small, collectible odd creatures.

At the age of 27, Barbie also is proving remarkably resilient, as Mattel continued to update the doll with new versions such as Working Woman accessories, Day-to-Night Barbie fashions and a business-setting playset.

The 1986 incarnations of the doll include an astronaut setting, a tropical South Seas resort, rock 'n roll and two glamour motifs. Mattel has supported the product with a 11-city promotional tour, exhibiting the doll within trailer-size displays of each new setting.

Licensing continues to comprise a growing portion of Mattel's income, exceeding $11 million in 1985, sources estimate, from $7.2 million in 1984. Masters of the Universe is second only to Hasbro's G.I. Joe in the licensing arena, with more than 90 U.S. licensees.

Animated tv series, the lifeblood of current marketing in the industry, remains under siege by parent groups charging that Saturday morning cartoons function as thinly veiled product ads. Both houses of Congress reviewed bills aimed at limiting product-related children's programming last year. Nearly 60 animated shows linked to products are running on network tv or in syndication. Nine of those are for Mattel products, with "She-Ra, Princess of Power" and "He-Man" the No. 1 and No. 3 most popular cartoon shows, respectively. "The editorial product is now in the hands of the toy companies," Ms. Charren says.

In addition to animated tv shows, Cannon Films, Los Angeles, is working on a live-action "He-Man and the Masters of the Universe" movie. The projected summer, 1987, release should help Masters' sales, analysts say.

Management changes at Mattel are not expected to alter the company's course, set by president-ceo Glenn A. Hastings before his resignation and subsequent death in November, 1985. Mr. Hastings was succeeded by Thomas J. Kalinske, 42, who retains his former responsibilities as president, Mattel USA.

Mr. Kalinske rose from Mattel's marketing ranks; his background includes a stint at J. Walter Thompson USA. Reports say he is being groomed to succeed chairman Arthur S. Spear, 65, when he retires.

Observers credit Mr. Hastings with the innovation of advertising year-round to turn the toy business into a 12-month operation, a move since copied by many of Mattel's competitors. In 1985, 45% of Mattel sales occurred before September, compared with 39% in 1983.

Mattel's agency situation has been somewhat tumultuous in recent months. The assignment for two new lines shifted to Foote, Cone & Belding from Dailey & Associates, both Los Angeles, in early 1986, as Mattel ended a brief 10-month association with Dailey. At the same time, it shifted Dailey's estimated $6 million Hot Wheels assignment to Ogilvy & Mather, Los Angeles.

Ogilvy has picked up responsibilities for Lady Lovelilocks, a new licensed product from American Greetings Corp. subsidiary Those Characters from Cleveland Inc. Mattel will introduce the product in October, aiming toward the Christmas season. Mattel also licenses Popples through the Cleveland-based company.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	22,751	24,119
Newspaper	326	1,802
Bus. pubs.	401	100
Network tv	27,166	36,036
Spot tv	23,002	14,777
Spot radio	1	125
Outdoor	195	276
Network cable	2,252	3,011
Total measured	65,092	80,024
Unmeasured	20,000	17,859
Total	85,092	75,902

MATTEL INC.
5150 Rosecrans Ave.
Hawthorne, Cal. 90250
(213) 978-5150

Marketing Personnel

Thomas Kalinske, president, office of chief exec
John Amerman, exec vp-worldwide operations/president, Mattel Intl
Joseph Morrison Jr., exec vp-prod devel & mktg
Paul Cleveland, sr vp-mktg
Cindy Cleveland, vp-mktg
Bruce Stein, vp-mktg
Thomas Wszalek, vp-mktg

Advertising Agencies

Foote, Cone & Belding—new prod lines—Steve Hayman, sr vp-group mgmt dir; Tim McMartin, vp-mgmt dir.

Ogilvy & Mather, Los Angeles—Mattel Toys—Alan Seef, mgmt super; Olga Gil, Cathy Kelmer, acct supers; Amy Gutman, Russ Lanzman, Michael Vernon, acct execs. Mattel games—Ginger Sherman, acct super. Mattel girls toys—Freddie Bee, mgmt super; Harriet Lipson, acct super; Lee Elliott, acct exec. Mattel boys' toys—Susan Chittum,

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mgmt supvr; Tom Bremer, acct exec. Mazda Intl—Christian Von Glasow, mgmt supvr. Mazda Products—Joan Harbison, acct exec.

Mazda Motors of America

Rank **85**

Rancho Dominguez, Cal.

($ in millions)

Worldwide	1985	1984	% chg
Sales	7,404	6,754	9.6
Net income	147	140	5.1
U.S. advertising	102	72	41.5

Mazda Motors of America set record highs in worldwide sales and earnings for fiscal 1985 largely as a result of strong sales of upscale "value-added" models.

Much of the 23.1% increase in advertising at Mazda, the fourth largest Japanese auto importer in the U.S., supported the introduction of value-added models such as the Mazda 323 (replacement for the GLC), the RX-7 sports model and the gentrified compact B2000 pickup geared to an upscale, urban clientele.

The B2000 received the largest advertising outlay at $19.2 million in measured media, followed by the popular Mazda 626 ($18.5 million) and the RX-7 ($16.2 million), according to the seven media measured by Leading National Advertisers.

Sales and earnings from the parent company, Hiroshima, Japan-based Mazda Motor Corp., appearing in the accompanying box for fiscal years ending Oct. 31, were converted from yen to dollars at a rate of ¥212=U.S.$1.

Although Mazda's worldwide factory sales were down 1.9% to 1,520,167 units, the downturn occurred only in the Japanese domestic market. Exports, including knockdown sets, rose 1.5% to 978,225 units and accounted for more than 70% of total factory sales.

McD.'s, through the times

Entrepreneur Ray Kroc opened his first McDonald's in Des Plaines, Ill., in 1955, based on a franchise agreement with Mac and Dick McDonald, who operated a San Bernardino, Cal.-area burger stand, selling 15¢ hamburgers, 10¢ fries and 20¢ shakes. The one billionth burger was served on prime time television in 1963, the same year the first McDonald's national ad appeared—in the *Reader's Digest*. The first $1 million sales for a single McD.'s was in Bloomington, Minn., in 1970. On Nov. 20, 1984, the 50 billionth burger slid off the grill in Duluth, Ga., and Dick McDonald ate it.

Mazda's U.S. sales for 1985 increased 11.5% to a record 326,557 units—211,093 cars and 115,464 trucks. The total gave Mazda a 2.4% share of the total U.S. market (a 1.9% share just for the autos). Mazda claimed an 8.4% share of the total import market in the U.S., down slightly from 8.7% in 1984. Over-all, its share made it the fourth largest Japanese car/truck importer to the U.S., behind Toyota at 22.4%, Nissan at 21.3% and Honda at 17.9% (cars only).

In line with plans to establish a global presence and to ensure an adequate supply of cars in the U.S., despite the voluntary restraint agreement that limits Mazda to 229,720 imported cars a year, last May the company broke ground for a new $450 million plant in Flat Rock, Mich. The voluntary restraint agreement restrictions do not include domestically produced Mazda cars or foreign or domestically produced trucks. The Flat Rock auto assembly plant, operated by the new Mazda Motor Manufacturing (USA) Corp., will have an annual production capacity of 240,000 vehicles.

The factory opening in the fall of 1987 will make Mazda the fourth Japanese auto maker to have vehicle assembly operations in the U.S. Honda, Nissan and Toyota already have plants here. Mazda also will build a $7.8 million research and development center in Ann Arbor, Mich., due to open early in 1987. It will join Nissan and Toyota as r&d tenants in Ann Arbor Park.

Ford Motor Co., owner of a 25% interest in Mazda, is expected to place its nameplate on as much as 50% of the output at Flat Rock. The car to be produced will be a version of Mazda's popular front-wheel-drive 626 model.

Mazda in the U.S. is a combination of Mazda Motors of America (Central), Rancho Dominguez, Cal., and Mazda Motors of America (East), Jacksonville, Fla. The California company is a joint venture of Mazda Motors Corp. (known as Toyo Kogyo Co. Ltd. until 1984) and Sumitomo Corp. and handles car and truck imports to the Great Lakes, Gulf regions and Western U.S. The Florida operation is a subsidiary of C. Itoh Co. and handles imports in an 18-state region in the East and the Southeast.

Mazda's measured advertising expenditures in 1985 were up 23.4%, with network tv spending increasing 23% to $38.7 million, magazine spending increasing 24.3% to $22.2 million, and spot tv registering a 22% gain to $5.4 million.

Network and spot tv and continued use of auto enthusiast magazines and national newsweeklies again represented the principal media used in the introduction of Mazda's 1986 model line. The company's advertising and promotion followed the successful patterns established in recent years, with a budget heavily weighted toward national campaigns and away from regional buys on spot tv. Tv and print ads continued to keep up the price/value theme of previous model years and stressed the "total performance" of the full Mazda line.

Mazda advertising for the model year, however, did have a new look. Mazda marketers are saying the company's new advertising, featuring presenter James Garner in a no-nonsense approach, is helping give Mazda its best sales year yet (in 1986). The spots first appeared in October and later in December in the National Football League playoffs.

As the campaign for the 1986 models unfolded, the creative approach disclosed a definite move to market upscale products, while sticking with Mazda's traditional price/value story. One sign of the upscale shift was the demise of the subcompact GLC, which was replaced by the 323, a model that was called "the road car of the small cars."

Like its predecessor GLC, which got only $2.5 million in ad support in 1985, the 323 is offered in both three-door hatchback and four-door sedan versions. The standard hatchback is Mazda's price leader at $5,795, while a luxury four-door sedan is priced at $8,495.

Earlier in the model year, Mazda began marketing its new line of compact pickup trucks in much the same way as it sells cars. The strategy: Reach the wealthy, urban consumers who are now the prime targets for compact trucks. Mazda's redesigned B2000 pickups were positioned as maneuverable, fun to drive and loaded with creature comfort, but without the "Sales Alive" theme of last year. Also abandoned was the low-end truck price of $5,995 in favor of upscale B2000 models ranging in price from $6,295 to $9,695 for a LX/X Cab Plus model. About half of the 1985 ad budget was spent on trucks.

Truck ads included four-page, preprinted, full-color inserts and spreads in general interest and enthusiast magazines. The enthusiast magazines also carried a 12-page insert promoting the full passenger car line, exclusive of trucks.

Fall promotions included the "weekend" use of network tv with the message aimed at men with incomes of more than $35,000. Sponsorship was heavily weighted with sports programming, highly rated weekend shows such as "60 Minutes," weekend movies and prime-time programs on Fridays. Mazda also expanded its sponsorship of NFL football, NCAA basketball and other events.

The "Mazda Sportslook" series of sports journalism programs on cable's ESPN continued for a sixth year with Mazda sponsorship, along with the new "Monday Night Match-Up," also on ESPN, which profiles the two teams matched in the Monday night football game on ABC-TV. Mazda reportedly will not renew sponsorship of "Match-Up" again this fall.

Mazda also continued sponsorship of women's professional and senior professional golfing events.

Mazda continued its involvement in auto racing with its RX-7, high-performance rotary engine sports passenger car winning an unprecedented sixth consecutive GTU championship of the International Motor Sports Assn. Sales of the RX-7 for 1985, stimulated by $16.2 million in measured media costs, reached 53,810 units, up slightly from the previous year. The completely redesigned 1986 models are priced at $13,995 for the two-seater coupe and up to $20,195 for the turbo coupe, with 1986 sales projected at the rate of 5,500 units per month.

The 626 model, with sales of 92,938 in 1985 and up 22% from the previous year, continued to be the company's best-selling car for the third straight year. The 626 was priced between $9,600 for the two-door sedan and $13,995 for the four-door GT Turbo touring sedan.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$22,236	$16,837
Newspaper	3,029	3,018
Bus. pubs.	76	132
Network tv	38,778	26,302
Spot tv	5,381	4,107
Spot radio	33	1
Outdoor	1	4
Network cable	1,805	1,382
Total measured	72,302	51,962
Unmeasured	29,241	19,966
Total	101,743	71,928

MAZDA MOTORS
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(714) 537-2332
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T. Ogawa, president
Rod Hayden, sr vp-genl mgr
Marketing Personnel
Duane Bowen, vp-mktg
Robert Parker, vp-sales
William Wolf, public affairs mgr
(EAST)
Post Office Box 16269
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K. Kanaiti, president
James Trotti, sr vp-genl mgr
George McCabe, vp-regional operations
Marketing Personnel
James Weimer, vp-sales & mktg
Advertising Agency

Foote, Cone & Belding, Los Angeles—Melton Mansfield, sr vp-group mgmt dir; James Arnold, vp-mgt dir; Brad Fogel, natl adv sr acct dir-cars; Steven Morrissey, natl adv acct dir-trucks; Robert MacDonald, media dir; James Barr, exec vp-creative dir; Henry Caroselli, sr vp-creative dir.

MCA Inc.

Rank **86**

Universal City, Cal.

($ in millions)

Worldwide	1985	1984	% chg
Sales	2,099	1,851	13.4
Net income	150	76	98.0

U.S.	1985	1984	% chg
Sales	1,788	1,391	28.5
Operating profits	175	72	143.2
Advertising	98	82	20.0

Division sales	1985	1984	% chg
Filmed entert.	1,188	889	33.6
Records, music	300	256	17.2
Retail, mail order	290	211	37.4
Book publishing	138	117	17.9
Toy products	77	N/A	N/A
Other operations	92	78	18.0

Increased ad spending at MCA Inc., parent of Universal Studios, can be attributed to MCA's mid-1985 acquisition of LJN Toys, which spent $4.1 million in measured media. Only Spencer Gifts and Yosemite Resorts spent less on measured advertising in 1985 than in 1984; most of MCA's divisions doubled or tripled measured media expenditures.

Filmed entertainment accounted for 57% of the company's total sales, up from 53.8% in 1984. The segment's operating income of $145.7 million was up from $61.9 million in 1984 and represented 67.7% of the company's total operating income of $215.1 million.

Most of the segment's improved performance is attributable to the box office success of "Back to the Future," which recorded gross revenues of $105 million in 1985, and the rerelease of "E.T., the Extra-Terrestrial," and moderate theatrical hits such as "Fletch," "Mask" and "Brewster's Millions." As videocassettes, "Back to the Future" and "Mask" sold more than 150,000 units through mid-1986.

Tv syndication sales of "Gimme A Break" and "Mystery Movies" generated more than $100 million in income. Only sales for the division's merchandising arm declined because few movies or tv shows produced by MCA in 1985 spawned popular retail items. Other units such as MCA Home Video, pay tv, the studio tour and amphitheater improved sales in 1985.

The company momentum also has spilled over into 1986. MCA posted record first-half revenues of $1.08 billion, up 22.6%, and net income of $59 million, up 92% over the corresponding period in 1985.

At the same time, MCA stock stabilized by the end of the year after it jumped in early 1985 amid rumors of a merger with RCA and a 3-for-2 split in August. "MCA lost its speculative appeal, but I'm still favorably inclined toward the company," says Eugene Peroni, director-technical research, Bateman Eichler, Los Angeles. "MCA assets and talent suggest a strong future even though the company has lost its progressive edge. It tends to follow rather than be on the cutting edge of a trend."

Harold Vogel, vp, Merrill Lynch Capital Markets, New York, agreed. "MCA may not be as dynamic as other entertainment companies, but it will have dependable earnings the next few years on the strength of tv syndication sales. It spends and generates a lot of income. MCA is the big industrial company of the entertainment business."

MCA's biggest question mark for 1986, however, is the continued top performance of Universal Pictures in a movie industry in which revenues on the whole declined 7% to $3.75 billion in 1985. Universal currently ranks third in 1986 box office market share behind Paramount Pictures and Warner Bros. largely because of "Out of Africa," which has grossed $86 million as of mid-1986. "Legal Eagles," which has grossed more than $46 million so far, and "Money Pit," $36 million, are other successes.

During 1985, "Back to the Future," produced by Stephen Spielberg's Amblin' Entertainment, grossed more than $150 million at the box office to help the movie division sales almost reach the revenue levels of 1982 when Universal released "E.T.," a $350 million blockbuster.

Universal Pictures released only 14 films last year compared with 18 in 1984, but earned more money and spent more money on advertising. In 1984, most new releases received $2 million to $3 million in measured backing. In 1985, most received between $2.5 million and $5 million.

The escalated spending on films primarily comes from increased cable tv and spot radio buys intended to reach the teen market.

Network tv, however, continued to be the major national media used for movie marketing. Frank Price, chairman, MCA motion pictures, and Marvin Antonowsky, exec vp-advertising/publicity/promotion, favor large network tv campaigns and instituted the new media policy when they joined Universal from Columbia Pictures in November, 1983. In 1984, network tv accounted for more than 90% of the division's tv advertising and declined slightly to 85% of the $41 million spent for tv in 1985. Cable and spot tv accounted for 8% and 7% of the spending, respectively.

The increased spot radio buys by the movie division also helped quadruple the company's previous spot radio spending. In 1985, MCA's spot radio expenditures totaled $6 million, 400% more than 1984's $1.5 million.

Ad spending by MCA Home Video also quadrupled in 1985 to $272,000 and is expected to reach the $1 million level this year as the $4 billion-a-year videocassette industry continues to grow. Home video has become an important revenue source for the studio. Ranked seventh among home video companies, MCA Home Video wholesale volume surpassed $100 million in 1985. For example, box office busts like "Stick," "Into The Night" and "Gotcha" each earned more in retail videocassette sales than at the box office.

While both the movie and home video divisions add to profits and record revenues, tv syndication is filmed entertainment's bread-and-butter business.

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ness. Licensing agreements signed in 1985 for tv shows to be syndicated later will yield at least $490 million in subsequent years. This fall, "Magnum P.I." will generate at least $200 million in fees while "The A-Team" and "Simon & Simon" will bring in a combined $250 million in 1987.

These figures normally would paint a bright picture for any tv division, but MCA Television's strength is one-hour dramas, which may never again command the $1.8 million per episode "Magnum, P.I." will earn in syndication. MCA Television, the same as other producers, spends more to produce a dramatic or action show than it receives from the network. One hit often pays for the deficit and any flops, but the marketplace is changing. Independent stations today are buying half-hour shows or first-run situation comedies with the one-hour series no longer commanding a high price.

MCA learned this first-hand when episodes of "Knight Rider" failed to sell as expected earlier in 1986. Now MCA is recutting the hour show into half hours to make it more attractive to stations. MCA also turned down a 14-episode commitment from NBC for "The Ultimate Adventure Company" because of the hour show's high cost and dismal syndication potential.

The tv division now is concentrating on comedy development and signed a five-year deal with Arthur Co. to create comedies; signed a distribution deal with Reeves Entertainment Group giving MCA rights to sell "Gimme A Break," "Kate and Allie" and future projects, and committed to produce 74 episodes of "The New Leave it to Beaver" for Turner Broadcasting System's WTBS.

"Making television programming at the prices the networks have been paying is not as good a business as it used to be," Universal tv president Robert Harris admitted earlier this year. As a result, MCA also recently created MCA TV Enterprises Division to expand the company's first-run syndication production, a business that has made millions for New York-based King World and Culver City, Cal.-based Lorimar-Telepictures. Shelly Schwab, exec vp-sales, marketing, barter activities, moves to the West Coast from New York in September to head the new division.

The pending $387 million purchase of WOR-TV, New York, one of the nation's four superstations, also strengthens MCA's future in tv because it guarantees an outlet for MCA Television product in New York. Many observers called MCA's bid excessive because it totals roughly 20 times the station's cash flow, but the company was willing to pay a premium to guarantee its entry in tv station ownership. Most stations sell for 10 to 17 times cash flow.

MCA continues to diversify in other areas. In January, 1986, MCA acquired 33% of Cineplex Odeon Corp., Toronto, North America's biggest theater chain with 1,117 screens in 395 locations. Then in May, MCA exercised its option to increase its stake to 50%.

Of the major studios, only MGM, 20th Century-Fox and Warner Communications signed the 1948 consent decree, which divorced distribution from exhibition and prohibited the three companies from getting back into exhibition. Paramount was not barred. Columbia, MCA, Orion and Tri-Star did not own theaters at the time of the Consent Decree and each hopes to expand in exhibition.

MCA's plan includes construction of a 17-screen, 5,600-seat complex as part of the studio's 420-acre lot in Universal City to open in June, 1987. MCA Development completed the Universal City Plaza office complex in April, 1985, with Texaco as the major tenant. Next the company plans to build a multilevel parking structure on the lot and expects to obtain governmental approval of a Universal City on/off ramp connecting to the Hollywood Freeway.

In February, 1986, the company completed an agreement with the China Film Corp. for distribution of motion pictures in China. In mid-1985, MCA also acquired LJN Toys, a fast-growing company that develops and markets licensed toy products for E.T., The Extra-Terrestrial; Dungeons & Dragons; Brooke Shields, and Michael Jackson. In just five years, LJN has become one of the 20 largest toy companies in the country with its battery-operated vehicles, action figures and fashion dolls.

While the company started slowly in 1985, LJN produced record revenues of $77 million in 1985 because of consumer demand for its three new toy lines: Voltron, Thundercats and World Wrestling Federation characters.

In May, 1986, MCA acquired all the stock in Front Line Management, a personal management company for rock stars; Full Moon Records, and Facilities Merchandising, which produces novelty items for 25 annual nationwide. The purchases strengthened MCA's ties with MCA Records president Irving Azoff, who partly owned the three companies.

Under the direction of Mr. Azoff, MCA Records has made a remarkable turnaround. After losses in 1983 of $7.9 million, the division earned $8.3 million in 1984 and $25.4 million in 1985 on record revenues of $307.7 million, up 20.3%. Albums by Tom Petty and The Heartbreakers, Night Ranger, Glenn Frey and Olivia Newton-John were certified platinum in 1985 (sales in excess of 1 million units). Sound tracks for MCA films and country music continued strong performances. And in black music, long an MCA Records weakness, New Edition earned a platinum album while Patti LaBelle, Bobby Womack, Lionel Endo, The Jets and Colonel Abrams all recorded top 10 hits.

The retail and mail order segment recorded MCA's only disappointing 1985 returns with revenues of $296 million, 5% less than 1984, and operating income of $1.02 million down from $6.1 million. Slower sales the first nine months of the year and a special provision for closing its foreign mail order operations contributed to the off year. But an improved fourth quarter is expected to lead to a profitable 1986.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1986
Magazines	[illegible]	2,729
Newspaper	1,422	4,165
Newsp. supp.	565	2,121
Bus. pubs.	0	5
Network tv	35,852	35,218
Spot tv	7,769	4,581
Network radio	545	1,248
Spot radio	4,419	1,346
Outdoor	487	335
Network cable	2,579	536
Total measured	57,448	47,027
Unmeasured	40,915	34,085
Total	98,360	81,112

MCA INC.
100 Universal City Plaza
Universal City, Cal. 91608
(818) 777-1000

UNIVERSAL PICTURES
Corporate Personnel

Frank Price, vp-MCA, chmn Universal Pictures

Marketing Personnel

Marvin Antonowsky, president-Universal Pictures, mktg
Barry Lorie, sr vp, Universal Pictures, mktg
Judy Collins, vp-planning & finance
Roger Seltzer, vp-mktg tech
Suzanne Bartin, vp-publicity & promo (East Coast)
Carol McMillan, vp-creative adv
Peter Frankfurt, vp-creative affairs
Teri Korban-Smith, vp-media & co-op adv
Nadia Bronson, vp-intl adv & promo
Don Barrett, natl dir, promo & field activities
Larry Hancock, dir-creative services
Duane Weltzer, creative art dir
Gary Goldstein, natl dir-special promo

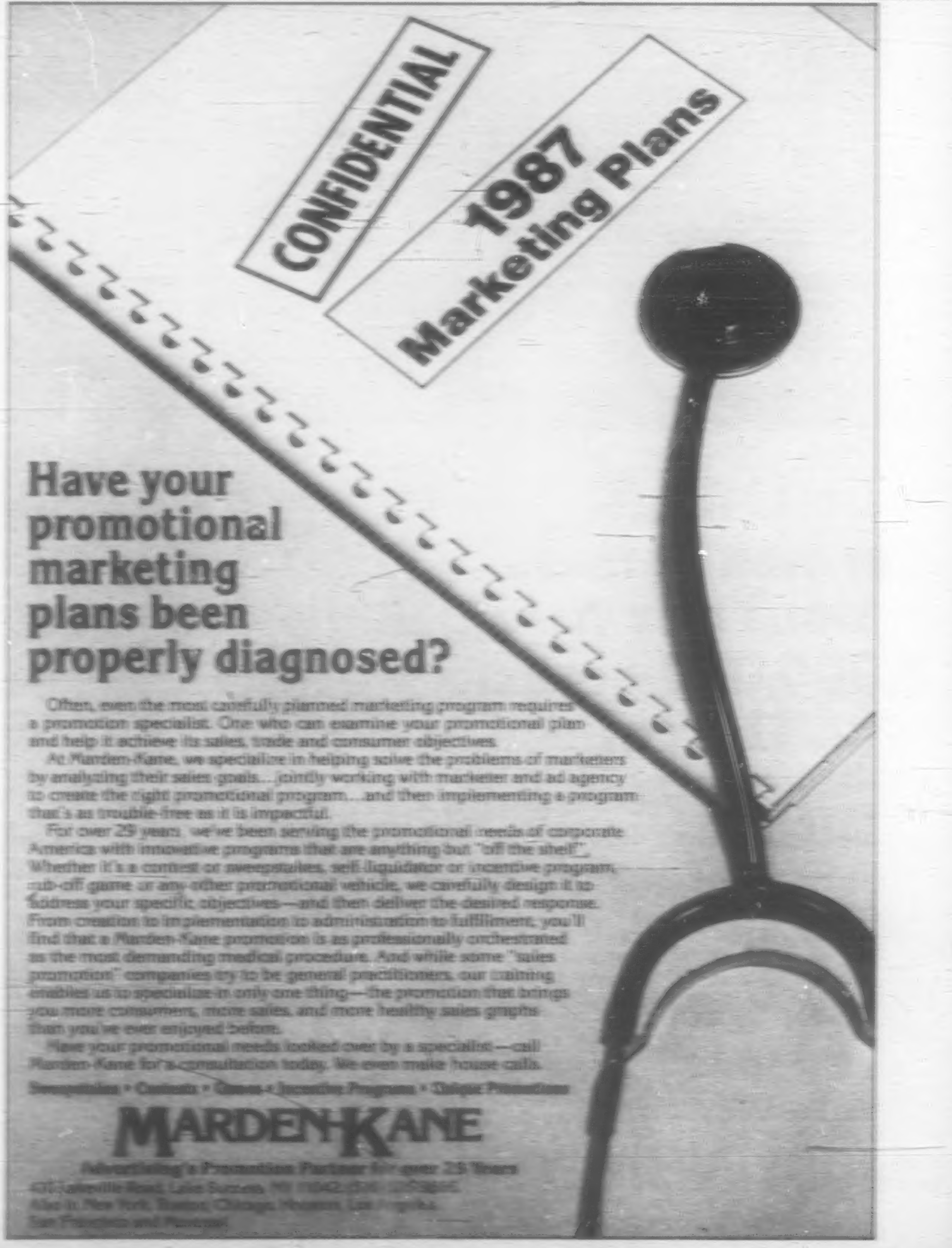
Advertising Agency

Doyle Dane Bernbach/West—Simon Kornbluth, exec vp-dir acct services; Jim Sterns, sr vp-media dir; Sandra Busch, media super; Ann-Marie Whitman, acct exec; Steve Thompson, asst acct exec.

MCA HOME VIDEO
Corporate Personnel

Gene Giaquinto, president

Marketing Personnel



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James Wm. III, sr. vp-mktg, MCA Home Entertainment
Alan Schwarz, dir adv
Paul Michaels, dir-direct mktg

Advertising Agency

Cavalieri & Kleier Advertising, New York—Jan Kleier, vice chmn-mgmt supvr; John Cavalieri, chmn-creative dir; Mark Seyffert, acct supvr.

MCA RECREATION SERVICES

Corporate Personnel

J.S. Stein, vp-MCA Inc., president-MCA Recreation Services

Marketing Personnel

Gordon Armstrong, exec vp-mktg
Herb Steinberg, vp-corp relations

Advertising Agency

FCB/Entertainment, Los Angeles—Universal Studios Tour, Universal Amphitheatre, Wolfgang Puck Restaurant Bar and Grill, Yosemite Park & Curry Co., MCA Concerts—Steve Hayman, sr vp-dir client management div; Hal Kaufman, creative dir; Denise Hitchcock, acct dir; Ellen Brown, media supvr.

SPENCER GIFTS
Atlantic City, N.J.

Corporate Personnel

J. Eugene Berg, president
John P. Harris, president, retail stores div
Richard Steinberg, exec vp, retail stores div
George R. Zilling, president, mail order div
S. Gary Stern, exec vp, mail order div

Advertising Agency

(In-house)—Edward Israel, adv dir

MCA RECORDS & MUSIC GROUP

Corporate Personnel

Irving Azoff, president
Myron Roth, exec vp

Marketing Personnel

Richard Palmese, exec vp-mktg & promo
Larry Solters, sr vp-artist devel
Glen Lajeski, exec dir-mktg
Jeff Adamoff, dir-creative services

Advertising Agency

(In-house) Lockenham Advertising

MCA DISTRIBUTING

Corporate Personnel

John Burns, sr vp

"Africa" grabs Oscars

MCA earned recognition for "Out of Africa," which won seven Academy Awards in 1986, including best picture and best director (Sydney Pollack).

Rank
9

McDonald's Corp.

Oak Brook, Ill.

($ in millions)

Worldwide	1985	1984	% chg
Sales	3,761	3,415	10.1
Net income	433	389	11.3

U.S.	1985	1984	% chg
Sales	2,806	2,622	6.9
Operating profits	757	683	10.8
Advertising	550	467	17.8

Division sales	1985	1984	% chg
Owned restaurants	2,770	2,528	9.6
Franchisees	924	828	11.6
Other	67	49	36.7

Nothing seems to slow McDonald's Corp.'s growth. Despite slumping fast food industry sales, repeated attacks from competitors and pronouncements from industry watchers that the restaurant market is saturated and cannot continue to grow, McDonald's continues to grow. It remains the world's largest foodservice operation by adding stores, adding menu items and adding to its already formidable marketing war chest.

In 1985, the McDonald's system (both the company and its franchisees and joint-venture partners) spent $686 million worldwide on advertising and promotion. An estimated $550 million, or 80% of that total, was spent in the U.S.

The 1985 ad spending total of 6.2% of sales represented the first increase in advertising as a percentage of sales since 1982, when systemwide ad spending was 6.7% of sales. It dipped to 6.2% in 1983 and 6% in 1984.

Fueling that increase in the ad spending ratio was a nearly 20% jump in U.S. measured media advertising. Network tv spending increased 12.8% to $184.9 million, while spot tv spending rose nearly 29% to $117.9 million. The rise in local tv spending reflects McDonald's accelerated rate of new product testing in 1985. Both the McD.L.T. sandwich and breakfast biscuits were added to the system on a market-by-market basis throughout the year—heavily supported by local tv advertising—before gaining national advertising.

The largest single increase last year in media spending came in network cable. In 1985, McDonald's spent $1.6 million on cable advertising, up from $82,000 the previous year.

The restaurant and fast food industry in 1985 for the first time spent more than $1 billion on tv advertising. Of the $1.08 billion total for spot and network tv, McDonald's accounted for 28%. Runnerup Burger King spent $155 million on tv advertising, or slightly better than half McDonald's bill. In fact, McDonald's 1985 tv advertising expenditures were only slightly less than the combined tv spending of No. 2 chain Burger King, No. 3 Wendy's International ($83.7 million) and No. 4 Kentucky Fried Chicken ($75.3 million). That kind of marketing dominance has helped McDonald's maintain its better than 19% share of the estimated $45 billion U.S. fast food industry.

McDonald's foreign presence also is growing. In 1985 its number of stores outside the U.S. rose nearly 12% to 1,929, compared with 1,709 at the end of 1984. The chain last year opened its first restaurants in Bermuda, Italy, Luxembourg, Mexico, Thailand and Venezuela, bringing to 40 the number of countries in which the chain is represented. The first two McDonald's in Argentina are expected to open in September, 1986.

As part of the agreement signed in 1984 with the U.S. Navy, McDonald's has begun opening restaurants on naval bases in the U.S. and overseas. The first overseas naval units to get on-base McDonald's last year were in Japan, Bermuda and Puerto Rico.

Other "nontraditional site" McDonald's continue to be opened in the U.S. in colleges, hospitals, train stations and such public areas as zoos. Such sites accounted for 9.3% of all U.S. locations by the end of 1985, up from 8.5% at the end of the previous year. "There is not a corner we will not explore," the company pledges in its 1985 annual report.

The greatest change in McDonald's marketing strategy in the past 18 months has been its new-found aggressiveness in new product introductions. During most of its 30-year history, McDonald's Corp. had been very conservative when tinkering with its menu, introducing significant new products systemwide at the rate of about one every few years. The Filet O'Fish arrived in 1965, the Big Mac in 1968, the Quarter Pounder in 1972, the Egg McMuffin in 1973, Chicken McNuggets in 1980. Some menu items rolled out to more than half the system were disappointing and pulled before they achieved systemwide introduction. Among these were the Chopped Beefsteak sandwich, introduced in 1978, the McChicken sandwich in 1979 and the McRib sandwich in 1982.

But since the beginning of 1985, McDonald's appears to have overcome its fear of failure and has introduced to in-store tests a record number of items. Products that received limited testing last year included the ¼-lb. Cheddar Melt hamburger sandwich; Chicken McSwiss, a cheese-topped reincarnation of the failed McChicken; Maple McCrispa, deep-fried French toast morsels, and the Lite Mac, a lower-calorie version of the Big Mac. Test results for these products appear to have been uninspiring, since the trials were either terminated or not expanded.

The jury still is out on McPizza, a hand-held, single-serving pizza product initially tested in the Philadelphia region last fall.

Then there are the success stories: McD.L.T., breakfast biscuits, packaged salads and Shanghai McNuggets.

Originally tested in Shreveport, La., and Cleveland under the name Lettuce & Tomato Special, the McD.L.T. is sold in a two-sided container meant, as advertising for the product stresses, "to keep the hot side hot and the cold side cold." The McD.L.T. was in all U.S. units by November, 1985, and McDonald's backed its introduction with advertising spending unprecedented in the industry. Sources estimate the chain spent $100 million on advertising and promotions for the sandwich. A fowl version of the sandwich—the Chicken L.T.—continues to be tested.

Freshly baked breakfast biscuits were added to all stores in the spring of 1986, as McDonald's finally devoted its marketing budget to something other than McD.L.T. Addition of baked-in-store biscuits was significant not only because it bolstered the chain's breakfast menu (which accounts for roughly 20% of per-store sales), but also because it meant the addition of ovens to McDonald's stores. Those ovens, McDonald's execs admit privately, could be used in the future to prepare other items, such as baked potatoes or Danish pastries.

While other fast food chains scurried to meet consumer demand for lighter foods by adding in-store salad bars, McDonald's resisted, saying salad bars were labor-intensive, unattractive and, worst of all, unprofitable. Competitors such as Wendy's have made salads an important part of their menus; others, like Burger King, encountered the problems McDonald's feared and de-emphasized the product.

Slowly, McDonald's has added packaged salads to its system, beginning with urban locations. The product should be in the majority of U.S. stores by the end of 1986. The advantage of selling only packaged salads, McDonald's maintains, is that they can be sold at drive-through windows where better than 40% of per-store sales are made.

Shanghai McNuggets are McDonald's nod to the rising popularity of Oriental restaurants. Tested in the spring of 1986 in the Pacific Northwest, the item couples regular Chicken McNuggets with one of four Oriental dipping sauces, chopsticks and a fortune cookie. The product was expected to be introduced systemwide by September—if McDonald's could find the 5 million chopsticks and fortune cookies it needs.

In addition to overcoming its hesitations about testing new products, McDonald's also has abandoned its past reluctance to use celebrities in its advertising. In 1985, the company signed ex-Olympic gymnast Mary Lou Retton, who appeared in tv commercials and a McDonald's-sponsored tv program called "Flash" airing on Saturday mornings.

McDonald's also was the first major advertiser to use the Chicago Bears' 300-lb. rookie defensive tackle and occasional running back William "The Refrigerator" Perry. A network tv spot featuring Mr. Perry and several other members of the Bears broke in December and aired through the team's lopsided victory in the Super Bowl.

Other celebrity appearances were made by soul singers Jerry "Iceman" Butler and Aretha Franklin for the McD.L.T. (in a spot from black consumer agency Burrell Advertising); cartoon character Pepe LePew for McD.L.T. (surely the only time a skunk has been used to sell a food product), and country singer Roger Miller, old glory Gladys Knight and the Pips and the Chicago Lyric Opera in a joint pitch for the Big Mac, Quarter Pounder and McD.L.T. Opera star Luciano Pavarotti was approached to represent the McD.L.T. but nixed the offer.

In mid-1986, sports broadcaster and former NFL coach John Madden joined McDonald's increasingly star-studded ranks. He is featured in a tv campaign promoting service speed and themed "You get it hot, you get it fast."

Two very special people featured in McDonald's advertising were Beth Ann Bell and Andrew Rubin. The two deaf students appear in "Silent Persuasion," believed to be the first network tv commercial in which only sign language is used. The spot broke May 15, 1986.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazines	2,892	8,072
Newspapers	3	128
Bus. pubs.	7	3
Network tv	184,862	163,482
Spot tv	117,944	91,459
Network radio	155	2
Spot radio	3,402	3,837
Outdoor	6,504	5,509
Network cable	1,625	82
Total measured	317,779	264,226
Unmeasured	232,221	172,943
Total	550,000	437,169

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THE WOMAN'S WEEKLY

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Source: MRI Spring 1986

Perspectives from an ANA director

Education keeps organization strong

Douglas T. McClure, director of advertising and marketing strategy at Ford Motor Co., says that government watchdog activities and ongoing educational programs are his key concerns at the Assn. of National Advertisers.

"I think what the ANA is doing now is in the right direction. We have a strong staff in legislative action and regulatory action. Advertisers are cooperating with the Four A's and the AAF [American Advertising Federation] where required," says Mr. McClure, who serves on the ANA executive committee, membership eligibility committee and the advertising management standing committee.

Mr. McClure is also chair of the bylaws committee and a director of the Ad Council. The cum laude graduate of Princeton University says that continuing education also is a strength of the ANA.

Douglas T. McClure
Ford Motor Co.

"Seminars and workshops are very important in the training of our member managers and employees," he says.

Mr. McClure is a 39-year veteran at Ford Motor Company, where he began as a sales trainee in the Lincoln-Mercury Division.

Following several sales and administrative assignments, he was named sales manager for the former Continental Division, and served as Ford Division's Thunderbird coordinator in the car promotion and training department. He was appointed car sales promotion manager in 1961. Previous assignments with the Ford Division include manager of car merchandising, merchandising manager and ad manager.

Marketing Personnel

Paul D. Schrage, sr exec vp-chief mktg officer
Peter A. Nelson, sr vp-mktg
Roy T. Bergold Jr., vp-adv
Richard G. Starmann, vp-communications
Thomas A. Gruber, vp-intl mktg
Ronald W. Miessler, vp-communications services
David B. Green, vp-natl mktg
Charles Rubner, asst vp-communications
Emil Terri, asst vp-media
Laurie Grace, asst vp-dir-media
Jim Rand, asst vp-dir-mktg services
Dean Barrett, dir-natl mktg
Sandy Silver, dir-field mktg
David Dandurand, dir-sports mktg
Don Lorr, dir-mktg tech

Advertising Agencies

Leo Burnett USA, Chicago—Jim Shymkus, exec vp-McDonald's; Barry Krause, Pam Tournier, acct supers; Tom Roth, acct super-field projects; Don Cummings, acct super-intl; Jerry Conner, acct dir-adults; Linda Wolf, acct dir-new prods.

Burrell Advertising, Chicago—Black consumer mktg—Alan Dinwiddie, vp-acct dir; Renee Neely, acct super; Greg French, Robert Jackson, acct execs.

Conill Advertising, New York—Hispanic consumer mktg—Charles McGee, acct super.

Frankel & Co., Chicago—sales promo—James Mack, vp-acct dir.

RANK
40

Mobil Corp.

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	51,423	50,455	1.9
Net income	1,969	1,470	33.9
U.S.	**1985**	**1984**	**% chg**
Sales	16,601	16,309	1.8
Operating profits	N/A	902	N/A
Advertising	195	176	11.0
Division sales	**1985**	**1984**	**% chg**
U.S. petroleum	15,132	15,223	(0.6)
Foreign petrol.	35,177	35,041	0.4
Chemicals	2,457	2,763	(11.1)
Paperboard	1,629	1,763	(7.6)
Retail merch.	5,400	7,138	(24.3)

Despite a continuing oil glut which might tighten soon with OPEC's announcement of production quotas, and a continuing slide in the financial performance of its retail subsidiary, Montgomery Ward, Mobil Corp. managed to keep its sales on even keel in 1985, compared to 1984.

The nation's third largest corporation and second largest oil company reported net income of $1.97 billion, up 34% from $1.47 billion, although when adjusted for changes in pricing (for crude oil, products, materials, operating expenses) net income dropped to $956 million. Some analysts still regard this performance as strong, because the company kept sales steady while its gasoline prices plunged.

Mobil supported its various enterprises with an estimated $195.3 million outlay for ad costs in the U.S. this year, a jump of 11% from 1984.

Mobil spent the most advertising, according to Leading National Advertisers, to prop up its struggling Montgomery Ward retail business, a business Mobil has said it wants to sell. The corporation spent $9.3 million on Montgomery Ward, down 16.2% from a year earlier. Its other big ticket items included $7.4 million on Hefty plastic tall kitchen and trash bags, down 38%; $7.5 million on Petro gasoline, up 50%; $6.6 million on Mobil 1 motor oil, up 65%; and $2.7 million on general corporate promotion, down 13%. ADVERTISING AGE estimates Mobil spends twice its 11-media measured advertising figure of $61.5 million in unmeasured media.

Montgomery Ward's sales were down 7% in 1985 as it concentrated its effort on smaller specialty stores, ones that carry limited lines of goods in greater depth. Montgomery Ward also closed many smaller and mid-sized stores; abandoned its catalog operation after 113 years, and remodeled some of its other department stores. While Mobil says it might sell Wards, no date has been set.

Mobil recorded a drop in earnings in its retail merchandise operation (which also includes Jefferson Ward discount stores) of 21%, from $53 million to $42 million. Montgomery Ward is down to 315 stores from 366 at the end of 1984.

Montgomery Ward, however, is far from giving up the ghost. The retailer bought 52% of Clayton Bank & Trust, Clayton, Del., and plans to sell its commercial business making it a sort of nonbank. This is the same route Sears, Roebuck & Co. took to gain a base from which to issue its nationwide Discover credit and financial services card. Sear's "springboard" bank is Greenwood Trust Co., also in Delaware.

Mobil put up for sale its chain of Jefferson Ward stores, selling stores in five states and liquidating the merchandise in the remaining outlets. Mobil spent about $2 million advertising Jefferson Ward stores in 1985, up from $1.4 million in 1984. It recorded a $508 million restructuring provision (after tax, consolidated) covering the sale of those stores.

Mobil also sold Container Corp. of America, Chicago, its paperboard division, to an Irish company named Jefferson Smurfit. The price: $700 million and assumption of a $457 million debt.

In the summer, First Interstate Bank of Washington announced an agreement with Mobil for its point-of-sale network in the state to be part of an electronic banking system called Accel. Holders of bank cards in the Accel-member banks can use their cards to buy gasoline and other products at a discount.

But the summer brought little warmth to the storied relationship between Mobil and *The Wall Street Journal*. The rift between the two dates back to November, 1984, when the *Journal* reported a link between then-Mobil chairman Rawleigh Warner and a development project by a company for which his son-in-law worked. The *Journal* suggested that relatives of company executives may have been given business from Mobil because of their relationship. Mobil refuses to send press releases to the *Journal*, declines to talk with its reporters and abstains from advertising in the paper.

Anyway, it is to some extent academic. Mobil still sends its releases to the Dow Jones ticker and the *Journal* says it is able to cover the company. "Our reporters have very good contacts," says Lawrence Armour, *WSJ* corporate relations director. "We are covering Mobil in good fashion with or without their support."

Mr. Armour has suggested that companies like Mobil want the *Journal* to be "cheerleaders" for American business.

Mobil polishes its image through the sponsorship of Public Broadcasting shows, "Masterpiece Theatre" among them. Mobil's former subsidiary, Container Corp., in 1985 donated 311 pieces of commissioned artwork to the Smithsonian Institution in Washington. The collection illustrated the company's 33-year-long "Great Ideas of Western Man" advertising series, one of the longest running corporate image campaigns ever.

Among new products in 1985, Mobil introduced Delzac-1, its cleaner oil for diesel engines. It also introduced a higher viscosity Mobil 1 oil, its brand of oil that has been on the market in one form or another for 10 years. It introduced an advance formula super unleaded gasoline that it claims cleans the engine as it works, and solves the problem of fuel injector clogging in new cars.

Mobil's second quarter performance suggests more growth, and analysts suggest higher prices and thus higher profits with an OPEC quota. The company reported earnings in the second quarter of $582 million, a dramatic 42% gain.

Yet total sales are reported by Mobil to be down, from $14.3 billion in the second quarter of 1985 to $12.2 billion this year, a drop of a precipitous 15%. First half sales also are reported off by

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BAR LNA

a fraction, to $24.8 billion from $25.4 in the corresponding period in 1985.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$7,390	$3,825
Newspaper	7,668	6,757
Newsp. supp.	362	1,128
Bus. pubs.	2,625	2,247
Network tv	12,865	11,321
Spot tv	22,839	26,377
Network radio	60	0
Spot radio	5,320	1,188
Outdoor	347	44
Network cable	1,574	1,616
Farm pubs.	487	932
Total measured	61,536	55,434
Unmeasured	133,726	120,466
Total	195,262	175,900

MOBIL CORP.
150 E. 42nd St.
New York, N.Y. 10017
(212) 883-4242
Marketing Personnel
MARKETING & REFINING DIVISION

.B. Hinton, vp-mktg
D.R. Hayward, genl mgr-resale mktg
A.G. Spiers, mgr, adv & sales promo

Advertising Agencies

Doyle Dane Bernbach, New York—Mobil onsumer & public affairs adv—Bill Mattes, vp-mgmt super; Les Allison, acct super.

HBM Creamer, New York—Fred Dixon, r vp, John Parsegian, vp-acct super.

MOBIL CHEMICAL
Marketing Personnel
Plastics Division
Consumer Products Department

. Luchsinger, vp-mktg & sales
M.L. Sweeney, mgr-mktg services
. Ferrari, business mgr-bags
R Cauffman, business mgr-disposables

Advertising Agency

Wells, Rich, Greene, New York—consumer prod, Hefty bags, Hefty disposable prod, Baggies—Ronald Sherman, president; Bob Moehl, acct group head; Joanne Davis, mgmt super; Brian Craig, acct super.

Packaging Department

R. Sax, mgr-graphics communications
L. Boudens, mkt devel mgr-industrial films
G. Auth, prod mgr-food prod
D. Galbraith, prod mgr-institutional prod

Advertising Agency

Gordon Bailey Associates, Stone Mountain, Ga.—institutional prods—Joe Skillen, acct exec. Industrial films—Ron Strauss, acct exec.

FILMS DIVISION
Design Products Department

E. Simpson, prod mgr

Advertising Agency

Conklin Labs & BeBee, Syracuse, N.Y.—films division design prod—Thomas Colligen, president.

Commerical Films Department

J. Murphy, prod mgr

Advertising Agency

Hutchins/Young & Rubicam, Rochester, N.Y.—commercial films dept—Larry Smith, acct exec.

MONTGOMERY WARD & CO.
Marketing Personnel

Jack Daynard, adv & sales promo
C.P. Brewster, media dir

Advertising Agency

Media Bureau International, Chicago—Richard Pickett, president; Norma Wren, vp.

Monsanto Co.

RANK **90**

St. Louis

($ in millions)

Worldwide	1985	1984	% chg
Sales	6,747	6,691	0.8
Net income	(98)	439	(122.3)
U.S.	**1985**	**1984**	**% chg**
Sales	4,451	4,498	(1.0)
Operating profits	222	516	(57.0)
Advertising	93	89	4.4
Division sales	**1985**	**1984**	**% chg**
Chemicals	4,051	4,360	(7.1)
Agricultural prods.	1,152	1,338	(13.9)
Electronic mall	137	220	(37.7)
Fisher controls	652	550	18.5
NutraSweet	317	N/A	N/A
Pharmaceuticals	262	15	1,646.7
Oil, gas	172	203	(15.3)
Other	4	5	(20.0)

Monsanto Co. exhibited its corporate mission in 1985 by moving boldly into the pharmaceutical field with the acquisition of G.D. Searle & Co. and escaping through divestiture dependence on the highly cyclical commodity-type chemicals, plastics and manmade fibers business.

The acquisition of Skokie, Ill.-based Searle, which was tendered July 22, 1985, and the corporate restructure, which took place in the fourth quarter, were costly, and came at a time when corporate financial returns were sagging. Monsanto's net sales for 1985 increased less than 1% and operating income fell 48% to $351 million in 1985. The costs associated with the restructure led to a net loss for the year of $92 million, compared with a profit of $439 million in 1984. Sales for the first six months of 1986 were up 11% to $3.2 billion, and net income increased 26% to $266 million, compared with the same period in 1984.

Analysts say the Searle acquisition, which cost $2.8 billion, is a good fit, complementing Monsanto's strengths in research and shoring up its weaknesses in marketing and product development. A report by Prudential-Bache speaks of Monsanto as the "high-technology chemical company of the 1990s," given its new direction.

Searle's strong presence in the pharmaceutical market will help Monsanto introduce a new drug called Cytotec to treat ulcers if approval comes from the FDA. The drug has been approved in 14 countries. Searle also is developing products to treat high blood pressure and problems associated with heart ailments, among other projects.

Despite heavy borrowing to purchase Searle, the report noted that Monsanto had liquidated assets to finance the purchase, generating about $1.6 billion, with about $1 billion from the sale of Monsanto's North Sea and Gulf Coast oil and natural gas reserves, and the sale of petrochemical plants in the U.S. and U.K.

Monsanto also finalized the sale in August, 1986, of a Texas City, Tex., plastics plant for $160 million to Sterling Chemical, Houston, and in mid-1986 put up for sale its container business group, which makes plastic bottles for shampoos, food products and cosmetics, among other items.

In November, 1985, Monsanto sold Searle's consumer products group to Procter & Gamble for $330 million. The sale eliminated Searle's line of consumer products, including Icy Hot, Dramamine motion sickness tablets and Metamucil laxatives, which combined, accounted for $6.7 million in Searle's measured spending for 1985.

On Jan. 1, 1986, Searle's NutraSweet brand was made into a free-standing subsidiary, charged with sales and marketing of NutraSweet and Equal tabletop sweetener. NutraSweet in 1985 accounted for $28.3 million in measured media spending, up 20% from 1984, and represented 45% of the combined 11-media spending total for the two companies.

Spending was divided 93% network tv, 4% magazine and 3% spot tv. Second on the spending list was Equal with $9.7 million in measured media for 1985, up 20%, and accounting for 15% of the 11-media total. Spending was divided 71% network tv, 26% network radio and 3% magazine.

Since NutraSweet's approval by the FDA in 1981, total sales of the product had grown to more than $700 million by yearend 1985, including the period before Searle's acquisition. The product has had a significant impact on category sales of artificially sweetened products.

For example, the powdered soft drinks category has grown in less than three years from $650 million in annual sales to more than $900 million in 1985, according to Searle estimates. Since the introduction of Equal in 1982, the tabletop sweetener market has grown from $100 million to more than $250 million with Equal holding more than a 50% market share.

The most dramatic growth has occurred in diet soft drinks, where sugar-free brands are growing at an 11% rate compared with a 2% growth rate for sugar-sweetened drinks. In 1985, sugar-free soft drinks accounted for about 25% of grocery store soft drink sales in the U.S. More than 45 sugar-free brands, including all major brands, are sweetened with NutraSweet.

Monsanto recorded a big drop in spending for carpet fibers in 1985, with measured media falling 60% to $1.9 million. The most significant drop was for magazine spending, which fell to less than $1 million in 1985, compared with $3.9 million in magazines the previous year.

Spot tv for Lasso herbicide received more measured spending in 1985, jumping 20% to $2.3 million. Measured spot tv for Roundup herbicide fell 33% in 1985 to $1.5 million. Monsanto once again was the nation's largest farm publication advertiser in 1985 with $7.2 million in measured media, mostly for Lasso and Roundup, down 19%. Monsanto's U.S. patents covering Lasso expire in December, 1987, while U.S. patents covering Roundup expire in 1991 and 2000.

Earle H. Harbison Jr., who headed the transition team after the Searle acquisition, was named Monsanto president-chief operating officer in May, 1986. He succeeds the late Francis J. Fitzgerald. Mr. Fitzgerald had assumed the presidency April 1, 1986. Mr. Harbison was chairman of both NutraSweet Co. and G.D. Searle & Co., posts he resigned on taking the Monsanto position. Sheldon Gilgore, president-ceo of Searle, and Robert Shapiro, president-ceo of NutraSweet, were named chairmen of their respective divisions, in addition to their other posts.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$4,925	$11,301
Newspaper	203	0
Newsp. supp.	84	159
Bus. pubs.	2,012	1,810
Network tv	37,995	30,566
Spot tv	6,024	5,510
Network radio	3,548	1,101
Spot radio	1,230	1,478
Outdoor	30	31
Network cable	336	0
Farm pubs.	7,234	8,996
Total measured	63,620	60,952
Unmeasured	29,265	29,265
Total	92,885	89,989

MONSANTO CO.
800 N. Lindbergh Blvd.
St. Louis, Mo. 63167
(314) 694-1000
Marketing Personnel

David L. Sliney, corp vp-mktg

MONSANTO AGRICULTURAL CO.
St. Louis, MO
Corporate Personnel

Nicholas L. Reding, president, exec vp
Donald H. Swan, group vp

Marketing Personnel

Jerry L. Neff, dir-prods, Lasso group
Hendrik A. Verfaillie, dir-prods, Roundup group
M. James Robertson, dir-mktg, communications-Lasso
Charles S. Crivello, dir-mktg, communications-Roundup

Advertising Agency

Muller Jordan Weiss, St. Louis—Ruth McKinney, sr vp-genl mgr; Steve Zirkle, acct exec.

MONSANTO CHEMICAL CO.
St. Louis, Mo.
Corporate Personnel

Robert G. Potter, president

Marketing Personnel

David L. Sliney, vp-mktg
C. William Taylor, dir-mktg, communications

Advertising Agency

Muller Jordan Weiss, St. Louis—Ruth McKinney, sr vp-genl mgr; Steve Zirkle, acct exec.

MONSANTO ELECTRONIC MATERIALS CO.
Marketing Personnel

Roger McDaniel, vp-intl mktg
Haskell Waddele, vp-commercial mktg
Richard C. Brown, dir-communications

Advertising Agency

In house.

FISHER CONTROLS INTERNATIONAL
Clayton, Mo.
Marketing Personnel

Claes Hultman, group vp-worldwide sales

Advertising Agency

In house.

G.D. SEARLE & CO.
Skokie, Illinois
Corporate Personnel

Sheldon G. Gilgore, president-ceo

Top 25 spot tv advertisers

		Spot tv ad expenditures			as % of co.'s
Rank	Advertiser	1985	1984	% chng	1985 ad total
1	Procter & Gamble	$285,118	$262,132	8.8	17.8
2	PepsiCo Inc.	183,220	154,042	18.9	38.3
3	Philip Morris Cos.	138,970	143,572	(3.2)	9.9
4	General Mills	122,674	108,940	12.6	25.3
5	McDonald's Corp.	118,046	91,454	29.1	21.5
6	Pillsbury Co.	112,374	108,506	3.6	23.7
7	RJR/Nabisco	81,686	82,335	(0.8)	7.5
8	Coca-Cola Co.	76,188	64,865	17.5	19.5
9	Toyota Motor Corp.	71,014	58,377	21.6	41.3
10	Anheuser-Busch Cos.	70,747	60,070	17.8	13.5
11	Dart & Kraft	64,033	52,859	21.1	13.1
12	Chrysler Corp.	63,133	53,482	18.0	16.0
13	Hasbro Inc.	63,068	42,953	46.8	54.9
14	Ralston Purina Co.	58,471	48,848	19.7	11.5
15	GTE Corp.	57,214	28,003	104.3	37.2
16	Unilever U.S.	56,415	59,600	(5.3)	13.6
17	Nestle Enterprises	54,327	48,951	11.0	17.0
18	Beatrice Cos.	53,381	55,758	(4.3)	7.8
19	Kellogg Co.	51,050	40,641	25.6	14.0
20	General Motors Corp.	49,067	38,520	27.4	6.3
21	Time Inc.	45,345	33,070	37.1	29.0
22	Nissan Motor Co.	44,974	40,919	9.9	27.7
23	Wendy's International	40,442	39,354	2.8	35.2
24	Mars Inc.	40,304	42,779	(5.8)	14.6
25	Warner-Lambert Co.	39,281	41,046	(4.3)	8.4

NOTE: Dollars in thousands. Source: Broadcast Advertisers Reports as reported by Leading National Advertisers

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Marketing Personnel

William I. Greener, sr vp-public affairs
Mary Ann Leeper, vp-mktg devel

Advertising Agency

McAdams, New York-Erwin Gerson.

NUTRASWEET CO.
Skokie, Ill.

Corporate Personnel

Joseph D. Morales, exec vp-coo

Marketing Personnel

William Wolfield, vp-mktg

Advertising Agencies

Dimensional Marketing, Chicago—Equal—Lee Colpi, acct exec.

Needham Porter Novelli, Chicago—Equal—Gary Slack, sr vp; Charlene Barnard, acct exec.

Ogilvy & Mather International, New York—Barbara Elmendorf, acct super; Ian Miller, mgmt super; Ann Rother, acct exec.

Sutton Communication, New York—Steve Spittel, vp-mktg, acct super.

Tatham Laird & Kudner, Chicago—Equal tabletop sweetener—Brian Hurley, mgmt-super; Mary Baglivo, acct super; Melissa Connolly, acct exec.

RANK

Nestle SA 28

White Plains, New York

($ in millions)

U.S.	1985	1984	% chg
Sales	N/A	N/A	N/A
U.S. advertising	319	287	11.3

Nestle Enterprises spent much of 1985 absorbing its acquisitions of the previous year, Carnation Co., Hills Bros., MJB Co. and Hills Bros.' own acquisition, Chase & Sanborn. Part of the digesting period included major cuts, some at top levels, in the corporate staff of Carnation, reportedly dictated by the parent company in Switzerland.

Nestle Enterprises' U.S. base is in Solon, O., where it runs its Stouffers Foods Corp., Stouffer Hotels and restaurants. Nestle Foods, White Plains, N.Y., is headquarters for its chocolate, coffee and tea operations. Carnation Co., Los Angeles, reports directly to parent Nestle SA in Vevey, Switzerland. Libby, McNeill & Libby operations are split between Nestle and Carnation.

Carnation reduced its over-all food products ad spending in 1985 by 20%, according to Leading National Advertisers' published measured media ad spending estimates. Spending reductions came from withdrawing support from Slender, on which it had spent $45,500 in 1984; Carnation tuna, which had been supported by $47,900; Carnation ice cream, which received $17,600 in 1984, and Carnation Health & Nutrition Centers, which the company closed in the spring of 1985 and on which it had spent $44,700 in 1984. Also, several nonrelated companies were spun off from Carnation after Nestle took over.

The winners for increased ad backing for Carnation were Bon Bons, chocolate-covered vanilla ice cream balls, introduced in parts of the country in March, 1985, which received $2.1 million in measured media, up from $476,900 in 1984.

Carnation spent $20.7 million on its pet foods in 1985, down 19% from nearly $26 million the year before. Fancy Feast canned cat food, a "gourmet" cat food, got a 58% boost to $6.9 million in LNA measured ad spending, mostly in network and spot tv. Friskies dry cat food received $5.7 million, a 20% drop from the year earlier, while Buffet canned Tidbits cat food got $1.7 million, up from $402,000 in 1984.

In the canned cat food category worth $1.05 billion, Carnation held a leading 29.1% share in 1985, up from 28.5%, according to John C. Maxwell Jr., analyst with Furman Selz Mayer Dietz & Burney, New York. Volume grew for both Friskies Buffet and Fancy Feast, but dropped on Bright Eyes and Friskies. Heinz was No. 2 in the category at 25.3%, all of which was attributed to its top-selling 9-Lives.

Mighty Dog canned dog food got a 19% boost in measured spending, receiving $5 million, the bulk of which was in network and spot tv and the rest in magazines. Mighty Dog is Carnation's lead entry in the canned dog food category in which it holds a 12.3% share of the $860 million category. Grand Met's Alpo is far ahead with a 28.5% share.

Carnation also holds a 6.4% share in the $1.76 billion dry dog food category with market shares of 4.8% for Come 'N Get It and 1.8% for Friskies Dinner & Cubes.

In the static coffee market, Nestle follows General Foods in the instant coffee sector with a 25.2% share, compared with GF's 43.4%. Procter & Gamble is third with 19.3%, according to Mr. Maxwell's estimates.

Nestle's Taster's Choice decaffeinated coffee has a 6.6% share of the instant market and Nestle's Nescafe a 2.1% share. Decaffeinated, a subsegment of the instant coffee market, represents about 25% of that market.

In over-all spending in the coffee category, General Foods far outpaces its competitors. It spent $87.8 million in 1985 versus P&G's $47.8 million and Nestle's $37.7 million.

Nestle's coffees, teas and cocoas got a marginal 5% boost in ad spending in 1985. Those measured figures include $1.9 million received by MJB coffee, acquired in April, 1985.

Nescafe instant coffee was the single most heavily supported Nestle brand in 1985, with $10.6 million in measured ad spending, mostly in network and spot tv. This was an 82% increase over the year earlier.

Taster's Choice decaffeinated coffee got an 8.2% boost in measured ad spending, to $6.8 million in 1985. Spending for Taster's Choice freeze-dried decaffeinated increased to $57,800 from $3,000 while ad spending for Taster's Choice combined regular and decaf advertising dropped to $1.1 million from $1.7 million. Measured spending for Taster's Choice instant coffee plunged to $2.9 million from $11.6 million. However, $7.5 million was spent on a new Taster's Choice brand, Taster's Choice Maragor Bold regular and decaffeinated coffee.

The Hills Bros. brand received $4.3 million, up 30.7%, and all in spot tv advertising.

The coffee industry has been in a decline since the market's 1962 peak, the only upturn occurring in 1984 when a bevy of new products were launched. Consumers are moving away from caffeinated products and hot drinks. But the decline is flattening for now, according to Mr. Maxwell. In the longer term, he believes coffee consumption will continue to decline as cold soft drinks continue to increase in popularity.

He says further segmentation will be one way to stem the decline, and that the growth of the decaffeinated segment reflects that trend.

Hills Bros. regular and sugar-free cocoa received $715,700 in measured spending while sugar-free alone received an additional $56,200.

Nestea iced tea, including instant and regular, received $5.4 million. Nestle entered the powdered drink mix category with a new sugar-free tea and fruit juice mix called Nestea Ice Teasers in April.

It was expected that the product would be backed by an $8 million introductory campaign.

Libby, McNeill & Libby spent $3.6 million on its entry, Juicy Juice, in the juice market.

That was a 74% increase over spending in 1984. Libby competes with Smucker's 100% fruit juices and its Knudsen's juice subsidiary and Campbell Soup's Juice Works, General Mills' Nature Valley Fruit Juices, Welch's and Tree Top. Libby's juices got a 58% boost to $25,000 last year.

Libby's creamed pasta products received $18,900 in measured ad spending; Libby's canned corn beef got $690,600, and canned meats, $11,800. Canned salmon, market leader in that

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category, was supported by $394,000 in measured spending.

Libby's operations, which were based in Chicago, were closed there and its product lines were divided between Nestle Foods in White Plains and Carnation in Los Angeles.

Measured ad spending on Nestle candy products increased 25% last year, aided partially by ad spending for recently acquired Goobers, which got $1.3 million, and Raisinets, which received $1.3 million.

Spending for Nestle's Morsels stayed flat at $14.1 million, but chocolate candy bars grew 47% to $10.7 million. Candy Works Melt Umms received $73,800. Beech Nut baby foods were supported by $3.5 million, a 4% boost, and Table Time meals for children got $30,300, a 91% increase.

Stouffer Foods Corp., which appointed a new president in June, raised its measured ad spending 24% in 1985 for its highly successful line of frozen entrees and products.

Frozen entrees received $9.1 million, a 2.9% boost; frozen Lean Cuisine entrees nearly $15 million, up 36%; frozen pizza, $5.3 million, up 24.3%, and frozen side dishes, $3.5 million, up 39%. Frozen meat pies, which were not measured in 1984, received $211,200 last year.

Stouffer's Hotels received $1.5 million in 1985, down from $1.9 million in 1984, and Stouffer's restaurants received $12,400, down from $18,600 the year before. Lotte Hotel, Seoul, received $148,100 in 1985, increased from $48,000 in 1984.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$21,777	$21,605
Newspaper	1,250	1,766
Newsp. supp.	771	1,388
Bus. pubs.	2,976	519
Network tv	76,754	75,959
Spot tv	54,327	48,951
Network radio	4,004	1,148
Spot radio	3,615	1,334
Outdoor	78	94
Network cable	3,400	973
Farm pubs.	303	295
Total measured	169,254	152,131
Unmeasured	150,000	134,825
Total	319,254	286,956

NESTLE ENTERPRISES
100 Bloomingdale Rd.
White Plains, N.Y. 10605
(914) 682-6000

Marketing Personnel

B.E. Gensamer, sr vp-mktg & strategic planning

Advertising Agencies

HBM/Creamer, Pittsburgh—Taster's Choice—Ira Bass, acct exec.

Jordan, Manning, Case, Taylor & McGrath, New York—Crunch bar and Crunch Bar ice cream, Bit-O-Honey, Goobers, Raisinets, $100,000 bar, Nestle hot cocoa mix—Jack Taylor, exec vp; Matthew McHenry, Steven Badenhop, mgmt supers; Tom Magnus, acct super.

McCann-Erickson, New York—Nescafe, Quik brands—John Boyd, sr vp-mgmt rep; Ted Donahue, vp-acct dir.

J. Walter Thompson USA, New York—Sunrise, Nestea, Nestle milk chocolate, Chunky, O Henry! bars, Morsels, Choco-Bake, Alpine White—Peter Schweitzer, sr vp-group acct dir; Don Challis, sr vp-acct dir; Philip Forman, vp-acct dir; Susan Allard, acct rep; Jack Morrissey, mgmt dir; Steve Dworin, acct dir; Ann Morrow, acct super; Michael White, acct exec.

BEECH-NUT NUTRITION CORP.
Fort Washington, Pa.

Marketing Personnel

Joe Gaetto, vp-mktg
Robert Bartz, dir-new business
Marian Ferreri, mgr-consumer services

Advertising Agency

Sherwood & Schneider, New York—Marv Schneider, chmn-ceo; Lew Sherwood, president.

BOREL RESTAURANT CORP.
San Mateo, Cal.

Corporate Personnel

Fredric W. Tippett, president

Marketing Personnel

Robert Puccini, dir-concept devel & mktg

Advertising Agency

Stroman Associates, Emeryville, Cal.—Linda Stroman, president; Ann Rabe, acct exec.

CARNATION CO.
Los Angeles, Cal.

Marketing Personnel

John McMennamin, vp-mktg services
A.W. Fox, dir-media
L. Dickinson, adv controller & promo materials mgr
J.R. Richards, premium mgr
J. Davidson, Q. Trujillo, art dirs, promo materials

GROCERY PRODUCT DIVISION
PET FOODS

Marketing Personnel

Al Piergallini, vp-div mgr
Miguel Osborne, mktg dir
H.R. Chamberlin, dir-new prod
John Harris, group prod mgr-dry food

INSTANT/EVAPORATED MILK

Corporate Personnel

John Darcy, vp-div mgr

CONTADINA

Marketing Personnel

Gene Boykins, group prod mgr

FOOD SERVICE

Marketing Personnel

Carl Dienst, dir
Bob Miller, assoc dir

INDUSTRIAL VENDING

Corporate Personnel

Joseph Hollingsworth, div mgr

Marketing Personnel

Duncan Shaw, prod mgr

SPECIALTY FOODS

Corporate Personnel

Glynn Morris, div mgr

LIBBY DIVISION

Corporate Personnel

Jim Dintamin, sr vp

Advertising Agencies

Bloom Cos., Dallas—canned juices & drinks, canned pumpkin, canned meats, nectar prods, produce prods, Cross & Blackwell specialty prods, new prods—Kay Fowler, Karen LeSieur, acct execs.

Dailey & Associates, Los Angeles—Evaporated Milk, promo adv—Bob Brownson, acct group dir.

Foote, Cone & Belding, Los Angeles—Fancy Feast canned cat food, Do-It-Yourself Diet, Bon Bons, new prods—Bill McCann, group mgmt dir; Frank Sajovic, mgmt dir, pet foods; Melissa Russell, acct dir; Craig Silver, acct dir, new prods & specialty foods; Bill Greig, acct exec, pet foods.

The Merchandising Factory, San Francisco—foodservice—John Weatherwax, acct super.

SSC&B, New York—dog & cat food, Coffee Mate, Instant Breakfast & Breakfast Bars, Contadina—Terry Rosenquist, exec vp, pet foods & instant foods; Russ Shaffer, sr vp; Helen Blohm, Ron Walter, supers; Anna Koules, Robin Pegue, acct execs.

HILLS BROS.
San Francisco, Cal.

Marketing Personnel

Barry Reis, vp-mktg

Advertising Agency

Cohen & Johnson, Los Angeles—Paula McSpadden, acct super.

STOUFFER FOODS CORP.
Solon, O.

Marketing Personnel

Robert L. McGuigan, president
Gerald V. DeCroce, vp-mktg
Jeff Peck, mktg mgr-entrees, side dishes
Richard B. Annett, mktg mgr-Lean Cuisine
Paul D. DeVries, mktg mgr-new ventures

Advertising Agency

HBM/Creamer, Pittsburgh—frozen foods—Richard Weber, exec vp; Howard S. Gittins, Richard Grinberg, John O'Leary, sr vps.

STOUFFER HOTEL CO.
Solon, O.

Marketing Personnel

William N. Hulett, president
Ronald A. Nykiel, sr vp-mktg
Robert Nance, dir-adv & promo

Advertising Agency

Wyse Advertising, Cleveland—George Sapin, exec vp; Jim Hunt, exec vp-group super.

STOUFFER RESTAURANT CO.
Solon, O.

Marketing Personnel

John Qualgliata, president
Rick Cassara, dir-mktg

Advertising Agency

Wyse Advertising, Cleveland—Rosemary Breehl, vp-acct group super.

WINE WORLD
St. Helena, Cal.

Marketing Personnel

Mike Moone, president
J.F. Tonjum, vp-sales & mktg
E.R. Wallingford, genl mgr-C&B Vintage Cellars
Richard Carter, vp-natl sales mgr
J.E. Thompson, group prod dir

Advertising Agency

Allen & Dorward, San Francisco—John Galbraith, mgmt super; Barbara Frazier, acct super.

RANK
49

Nissan Motor Co.

Carson, Cal.

($ in millions)

Worldwide	1985	1984	% chg
Sales	15,386	14,828	3.8
Net income	265	304	(12.8)
U.S. advertising	163	165	(1.6)

Nissan Motor Corp. in USA, a subsidiary of Nissan Motor Co. Ltd., Tokyo, which is repositioning several auto lines in 1986, is actually dropping total spending to match the virtual absence of new offerings.

However, Nissan has introduced new truck models this January and upgraded its Sentra for model year 1987 in March, the latter aimed at new and richer consumers. Nissan reportedly is spending the largest outlay in its history for the Sentra introduction. The company also has upgraded its 1987 Stanza and Maxima models. The shakedown in advertising in 1985 did not seem to hurt the momentum of the auto company, which maintained its market share while establishing record unit sales levels for Nissan in the U.S. in both autos and trucks.

The parent, Nissan Motor Co. Ltd., which does not break down sales figures for its U.S. subsidiary, reported worldwide earnings in fiscal 1986 ended March 31 of $265.4 million, down 12.8% from 1985, on sales of $15.4 billion, up 3.8%. Sales and earnings figures for both fiscal years were converted from yen to dollars at an average annual exchange rate of ¥244=US$1.

Calendar year figures compiled by the Japan Automobile Manufacturers Assn. put Nissan worldwide production for 1985 at 3,627,532 units, including 1,058,248 trucks, up slightly in both car and truck categories over calendar 1984. Those figures include its U.S. plant production—43,810 units of the best-selling Sentra and 107,422 pickup trucks—turned out at the factory in Smyrna, Tenn. Combined car and truck output at Smyrna is expected to reach 240,000 a year by the spring of 1987. Nissan's U.S. presence also includes the Nissan Design International studios in San Diego, Cal., and Nissan Research & Development, Ann Arbor, Mich.

The 1985 unit sales of imported Nissan cars and trucks totaled a record 790,973 units—535,372 passenger cars and 255,601 compact trucks—up 12.8% over 1984. This gave Nissan a 6.1% share of the total U.S. market (imports and exports), up from 4.5% in 1984, but still second behind Toyota at 6.7%, and followed by Honda at 6.3% and Mazda at 2.4%. Nissan also increased its share of the total import market in 1985 to 21.3%, up from 20% a year earlier. Nissan was again second behind Toyota at 23.4%, followed by Honda at 6.3% and Mazda at 2.4%.

Nissan truck sales in the U.S., up 22.2%, represented 32.3% of all Nissan units sold in the U.S. in 1985, up from 29.5% the previous year. Truck production at Smyrna accounted for 42% of all Nissan trucks sold in this country during 1985. In early 1986, Kazutoshi Hagiwara, the new president of Nissan in Motor Corp. USA, predicted a rise in the company's combined auto and truck sales to 1 million per year by 1990, more of them upscale, higher priced units.

The best-selling Sentra, priced at $5,499 for the standard five-speed, two-door sedan ($5,999 for the 1987 model), accounted for sales of 179,235 units, down 5.4% from the 189,480 units in 1984, but once again the No. 1 selling import model in the U.S.

With output of 10,000 Sentras a month at the plant in Smyrna, Nissan will be able to import additional units and more upscale models from Japan, easing the self-imposed restrictions of the voluntary restraint agreement on all Japanese cars.

Sales of other Nissan models in 1985, compared with the previous year, were Pulsar 49,816 (37,287),

Top 25 network radio advertisers

Rank	Advertiser	Network radio ad expenditures 1985	1984	% chng	as % of co.'s 1985 ad total
1	American Telephone & Telegraph Co.	$24,853	$16,344	52.1	4.8
2	Sears, Roebuck & Co.	20,803	8,630	141.0	2.6
3	Warner-Lambert Co.	16,268	8,143	99.8	3.5
4	Greyhound Corp.	14,250	8,773	62.4	13.9
5	Procter & Gamble	12,770	5,834	118.9	0.8
6	RJR/Nabisco	9,334	4,938	89.0	0.9
7	Cotter & Co.	9,049	10,201	(11.3)	12.6
8	General Motors Corp.	9,034	6,746	33.9	1.2
9	Anheuser-Busch Cos.	8,929	6,231	43.3	1.7
10	Chesebrough-Pond's	7,969	1,546	415.4	5.0
11	George A. Hormel & Co.	7,829	1,973	296.8	11.1
12	Ford Motor Co.	7,625	1,525	400.0	1.2
13	Triangle Publications	7,523	5,228	43.9	4.0
14	Whirlpool Corp.	6,605	2,477	166.6	2.9
15	U.S. Government	6,226	8,630	(27.9)	2.4
16	Florists Transworld Delivery Assn.	5,707	2,548	124.0	6.1
17	Bayer AG	5,572	874	537.5	5.2
18	Kelly Services	5,491	2,734	100.9	3.5
19	Beatrice Cos.	5,456	3,345	63.1	0.8
20	Goodyear Tire & Rubber Co.	5,363	999	436.6	3.6
21	PepsiCo Inc.	5,296	4,746	11.6	1.1
22	Campbell Soup Co.	4,655	4,371	6.5	2.2
23	K mart Corp.	4,435	490	804.4	0.8
24	Chrysler Corp.	4,269	4,141	3.1	1.1
25	S.C. Johnson & Sons	4,191	3,025	38.5	2.9

NOTE: Dollars in thousands. Source: Broadcast Advertisers Reports as reported by Leading National Advertisers

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Stanza 64,398 (44,613), Maxima 99,051 (68,209), 200SX 65,792 (63,465) and 300ZX 67,409 (73,097).

With no new models introduced last fall, the 1986 model year represented a continuation of the conversion from Datsun to Nissan as the dealer sign change program entered its final stages. Nissan advertising, under the "Name is Nissan" umbrella theme begun in May, 1985, focused on building brand awareness and positioning Nissan as an innovative leader of technologically advanced, quality-built cars and trucks. The new slogan replaced the 18-month-old "Major Motion" theme, which several critics had labeled as ineffective.

Nissan compact trucks accounted for more than $38 million in measured media spending, the most of any Nissan product, according to Leading National Advertisers. Most went into spot and network tv. Truck promotions relied heavily on an interest rate subvention program designed to overcome high interest rates on financing.

Nissan's biggest media cut was in network tv where it cut spending by 31% from 1984. It continued its high profile on network sporting events—"NFL Monday Night Football," the Super Bowl, Rose Bowl and College Football Assn. football.

Measured media spending trends for 1985 showed 35.2% of the total measured dollar going to spot tv; network tv, 27.3%; magazines, 13.4%; newspapers, 12.9%, and spot radio, 9.1%, with lesser amounts in the remaining measured media. Nissan continued to augment traditional national media with with strong support in local markets, particularly in truck markets.

The fourth quarter of 1985 saw the introduction of the Nissan van and Nissan sport/utility vehicles, which received about $10 million in ad support. Balance of the 1986 model year found Nissan cars getting about half of the company's ad budget.

The company introduced in January, 1986, a new truck with a V6, 3.0-liter engine and a base price of $6,299, developed by the Nissan Design Center in San Diego, Cal., but built in Japan. Positioned for young buyers in the compact truck market, the truck received spot and network tv, radio, print and direct marketing support.

Nissan splashed the new model via four commercials during the Jan. 26 Super Bowl telecast. Network tv spots were supported by spot buys in 90 of the top truck-buying markets. Nissan also made use of an eight-page insert in 42 sports magazines, and in newspapers and outdoor boards during the first three weeks of the campaign.

The company augmented its 1986 truck lineup with an electronically fuel-injected engine for the four-wheel-drive ST model, which was available in regular-bed, long bed and King Cab body styles. Among its truck models, Nissan offered no less than 23 two-wheel-drive and four-wheel-drive models. Suggested retail prices ranged from $5,999 for the 2wd standard regular-bed pickup to $10,595 for the 4wd King Cab ST model.

Early this year Nissan promoted a 7.7% annual percentage rate for new truck customers as a sales incentive. The financing program that currently applies to 1986 and 1987 pickup trucks and cab-and-chassis units. Nissan has spent an estimated $20 million in media during the first two months of 1986 on its line of compact pickups.

In mid-March Nissan unveiled part of its 1987 line, including upgraded versions of its Sentra, Stanza and Maxima. The redesigned Sentra was repositioned and aimed at the middle-class consumer, along with a shift in pricing structure from $5,000 to $7,000 per vehicle. It was also on the receiving end of a two-month, $15 million broadcast and print campaign, which rolled out in early April.

Tv spots debuted in late March on the CBS telecast of the NCAA basketball championship and the ABC series "Hardcastle and McCormick." The 1987 Sentra print campaign featured a four-color spread in weekly and monthly consumer magazines.

At the same time, the $15,199 Maxima luxury nameplate was introduced with a minor facelift for 1987. The Maxima was backed with advertising that positioned it as a fully equipped, technologically advanced sports sedan offering superior value for the money.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$17,199	$15,022
Newspaper	16,504	13,170
Newsp. supp.	0	169
Bus. pubs.	623	779
Network tv	34,860	50,666
Spot tv	44,974	40,919
Spot radio	11,663	7,584
Outdoor	1,385	846
Network cable	990	1,070
Total measured	128,187	130,224
Unmeasured	34,379	34,925
Total	162,566	165,149

NISSAN MOTOR CORP.
in U.S.A.
P.O. Box 191
Gardena, Cal. 90247-7635
(213) 532-3111

Marketing Personnel

Robert B. Kent, vp-mktg services
Joseph M. Opre, adv dir
John Borgen, dealer support dir
Terry Foutz, natl auto adv mgr
David Hubbard, natl truck adv mgr
J.C. Fassino, natl sales promo & merch mgr
Susan Furedi, media planning mgr
Bryne Owens, natl dealer adv mgr

Advertising Agency

William Esty Co., New York and Los Angeles—all Nissan vehicles—Richard Macedo, sr vp-acct group head.

Noxell Corp.

RANK **80**

Baltimore

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	382	350	9.2
Net income	32	28	15.6
U.S.	**1985**	**1984**	**% chg**
Sales	328	300	9.4
Operating profits	58	47	22.3
Advertising	106	112	(4.8)

Noxell Corp., which markets cosmetic, toiletry and household products that include Cover Girl, Noxzema and Lestoil, is stimulating flat advertising spending in 1985 with new product launches in 1986.

Leading the new entries is the launch of the 85-item Clarion line, which gives Noxell an extended pricing tier. Complementing Noxell's popular midpriced Cover Girl line, Clarion is priced at $3.55 to $4.50—some 20% to 30% higher than Cover Girl.

Clarion, to be launched this September, offers sensitivity tested and fragrance-free foundation, eye and lip products. The pink-and-blue packaged Clarion line will be backed by $15 million in marketing support in a national rollout campaign from SSC&B, New York, agency for Cover Girl. Distribution will be on Cover Girl turf—drug and food stores and mass merchandising outlets.

The impact of steeper prices, according to Lynne Hyman, analyst with Smith Barney, should be minimized by the trend toward greater discretionary income, stronger concerns about skin sensitivity and the target audience, a slightly older woman. In-store computers will help customers select shades of makeup to complement their skin tone.

The Clarion line is seen as helping drive up sales this year. Value Line analyst Marilyn M. Royce predicts Noxell's sales should reach $440 million in the current fiscal year, an increase of 15.2%, based on growth largely from existing business, which brought sales to $115.6 million in the first quarter of 1986, and the rapport Noxell has with the retail community.

In Noxell's toiletries segment, tests are under way on Perio-Gene, a remedial dental care system. Perio-Gene represents Noxell's desire to diversify beyond beauty products. The product consists of two tubes in a single package, one containing a hydrogen peroxide gel, the other a mint-flavored bak-

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ing soda compound. Perio-Gene is directed at those with gum disease.

Retailing at $3.09 for a 3.6-oz. tube, Perio-Gene will not storm the market as a bargain brand. What it does offer is convenience and palatability to those who have had to concoct their own mixtures to battle gum disease. William Esty Co. will handle advertising once the product moves to market.

In cosmetics, Noxell's Cover Girl line, which includes face and eye makeup, lipsticks and nail polishes, maintained a double-digit growth (11%) in sales in 1985, although the rate was slower than in previous years.

Cover Girl's sales accounted for 61% of the company's total net sales—a performance attributed by company officials to new product launches and gains from existing lines. About $43 million in measured advertising supported the Cover Girl line in 1985, slightly exceeding the budget of a close competitor, Schering-Plough's Maybelline. Noxell reportedly is allocating about $50 million to promote the Cover Girl lines in 1986.

About 30% of Cover Girl's revenues come from food stores, compared with 15% for other mass marketers of cosmetics, which prefer to concentrate on other outlets, such as drugstores. The Cover Girl lineup is promoted by Cheryl Tiegs, Christie Brinkley, Kelly Emberg, Carol Alt and newcomer Renee Simonson among others, all of whom sport "that Cover Girl look."

Face makeup—liquid, powder and blush products—is Cover Girl's oldest product area and the source of its strongest growth. Cover Girl's liquid foundations command a 35% to 37% share of the liquid makeup market, according to Ms. Hyman. A new liquid foundation targeted to older women, Cover Girl's Replenishing makeup, was marketed nationally in 1985. Moisture Wear makeup line received $2.2 million in ad support.

Cover Girl's pressed powders, which hold a 48% share of the pressed powder market, according to Ms. Hyman, received close to $19 million in measured support for its Cover Girl, Oil Control and Moisture Wear brands.

Eye makeup attained new highs for Cover Girl both in sales and share. Mascara received the largest amount of media backing, $10.7 million, to amass a 29% share of the supermarket dollars, according to Diana Temple, analyst with Salomon Brothers. Maybelline leads the mascara category with a 53.1% share, Ms. Temple says.

Noxell's mascara sales were aided by the June, 1985, introduction of Lasting Performance gel-based waterproof mascara, and by a restaged Long 'n Lush mascara. Clean Lash, a new waterproof mascara removable with soap and water, was shipped to distributors in February of this year.

The Spunsatin eye shadow line of three and four-kit collections continued to grow and were joined by a single-kit line extension. Pro Colors singles kits were promoted as "The Shadow Spectrum for Eyes." The shadows are offered in an organizer "cabinet." Cover Girl had a 24% share of the eyeliner category last year, to Maybelline's 54.2% share.

In the eyeliner segment, Cover Girl's Pro-Lining pencils remain the No. 1 brand in its category. The pencils attained a 38.5% share of supermarket dollars, close on the heels of Maybelline's 39% share, Ms. Temple says. The eye makeup segment received close to $12.5 million in media backing.

Cover Girl's lipstick sales continued to outpace the over-all lipstick market, led by double-digit growth of the Luminesse line. At midyear, Cover Girl's Continuous Color lipstick, Noxell's regular line, was restaged with a new, longer-wearing formula, in an effort to revitalize that line. Continuous Color is supported by tv and print featuring model Cheryl Tiegs. Over-all, Cover Girl's share of the supermarket sales in lipsticks was 18% compared with Maybelline's 34.8% and Revlon's 10.6%, Ms. Temple says.

Nail polish, a highly competitive category, saw Cover Girl increase its volume.

It leads the supermarket dollar sales with a 28.6% share, followed by Cutex at 14.2%, Maybelline with 11.5% and Revlon with 9.7%, according to Ms. Temple. Cover Girl's premium line of nail polish, Opulence, showed solid sales growth in its second year on the market. Ten Terrific Nails treatment line also did well in its second year in stores.

Luminesse Satin Finish nail color was introduced in the first quarter of 1986.

Cosmetic dollar sales at Noxell totaled about $237 million. A firm believer in promotion, Noxell sent 5.4 billion Cover Girl sales messages to the women of America last year—enough to reach 97% of women 1½ times each week all year. It seems to have paid, particularly in the second half of the year, as Noxell's sales growth exceeded industry increases for several cosmetic and skincare product categories, including lipsticks, mascaras and Noxzema skin cream.

The toiletries products sector advanced its sales in both dollars and units as more women turned to Noxzema skin cream, which had an increase of 18% in sales.

Noxzema skin cream, Noxell's 71-year-old flagship product, entered the market in a pump dispenser in June, 1985.

It encouraged both use by new consumers and increased consumption over-all. Noxzema skin cream now holds between a 19% and 20% share of the market, up from 15.5% before the pump version. In supermarket sales, Noxzema skin cream amassed an 18.1% share, not too far behind leader Procter & Gamble's Oil of Olay (through P&G's acquisition of Richardson-Vick's), which held a 23.8% share over-all last year, Ms. Temple says.

Noxell's line of shave creams bearing the Noxzema brand name took an 11.2% share of supermarket dollars, aided by a new product introduction and several line extensions. Gillette Co.'s Trac II and Foamy shave cream products lead the market with a combined 25.1% share of supermarket dollars, according to Ms. Temple. Noxzema shave cream for heavy beard growth rolled nationally in January of this year. William Esty Co., New York, handled the introductory advertising. The new product may enjoy brisk sales among the market segment members it strives to reach because, as Ms. Hyman says, "Research shows 25% of those with heavy beards shave twice a day."

A musk-scented version of Noxzema shave cream bowed to the public last June to replace a less contemporary Wild Forest fragrance formula. Advertising was aimed at both the men's and women's markets, and included mail-in coupon offers and trial sizes.

One Noxzema namesake fell by the wayside as Noxell nixed a national rollout of Noxzema hand and body lotion.

Another Noxell product in the same category, little-advertised Raintree skin cream, experienced further market share slippage, from 1.1% to 0.6% within a year.

President and ceo George L. Bunting became chairman, succeeding his father, G. Lloyd Bunting, who became chairman emeritus at the age of 77. Marvin L. Hathaway, exec vp and chief operating officer-domestic, succeeds Mr. Bunting as president, while retaining his former title. Robert W. Pierce, Noxell's treasurer, was promoted to vp, finance.

Noxell's future direction includes the pursuit of acquisitions.

But, as new chairman Mr. Bunting outlined in his letter to shareholders in February, much of Wall Street zeroed in on the same target—consumer product companies—so "we were unable to find a meaningful opportunity at an appropriate price."

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$17,390	19,195
Newspaper	0	4
Newsp. supp	126	0
Network tv	38,740	40,318
Spot tv	3,013	3,045
Network radio	502	751
Outdoor	10	0
Network cable	1,348	917
Total measured	61,128	64,230
Unmeasured	45,000	47,284
Total	106,128	111,514

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(301) 628-7300

Marketing Personnel

George L. Bunting Jr., chmn-ceo
Marvin L. Hathaway, president-coo
F.J. Harrison, sr vp-mktg
Peter M. Troup, vp-mktg, Cover Girl prods
R.H. Yeager, dir-new prods
E.H. Levering, sr vp-sales
D.J. Gallow, dir-mktg rsch
C.J. Busta, mktg dir, toiletries
B.F. Nelson, exec vp-genl mgr-Caliente Chili
E.M. McNamara, mktg dir-Clarion & new prods

Advertising Agencies

William Esty Co., New York—Noxzema shave cream, Lestoil, Perio-Gene, new prods—Rand Pearsall, vp-acct super; Peyton Sise, vp-mgmt super; Thomas Hayes, sr vp-acct dir; Susan Borst, acct exec.

SSC&B, New York—Noxzema skin cream, Cover Girl prods, Clarion, new prods—Neill Myers-mgmt super; Patrick Keough, acct super-Noxema skin cream & toiletries prods; Nancy Troiano, acct exec, Noxema skin cream & toiletries prods; Sheri Colonel, sr vp-mgmt super-acct exec, nails, lips; Donna Squilla, vp-acct super, make-up & new prods; Linda Emanuel, vp-acct super, eyes, Moisture Wear; Kenneth Ramsey, vp-acct super, nail, lips; Lynn Eaton, acct exec, eyes; Marjorie Wachtler, acct exec, new prods; Stuart Sklar, acct exec, make-up; Kathleen Cusack, acct exec, eyes; Courtney Cowart, staff asst, make-up & new prods; Alma Miller, staff asst, eyes.

GSDM, Austin, Texas—Wicks Fowler's Famous Two Alarm Chili and other Caliente Chili, Inc. products.

J.C. Penney Co.

RANK **15**

New York

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	13,700	13,451	1.9
Net income	397	435	(8.7)
U.S.	**1985**	**1984**	**% chg**
Sales	13,228	12,963	2.0
Operating profits	N/A	N/A	N/A
Advertising	479	460	4.1
Division sales	**1985**	**1984**	**% chg**
J.C. Penney	12,634	12,372	2.1
Other retail	1,113	1,079	3.2

J.C. Penney Co., the nation's third largest retailer, launched cost-saving measures including decentralized buying via satellite and eliminating unprofitable stores in nonmetropolitan areas in 1985 as it continued its shift back to the basics by moving toward more colorful, standard goods at moderate prices.

This shift to more conservative, but still fashionable, goods began in the mid-1980s, and although Penney has been upgrading its taste levels, it has found that shoppers' preferences have not changed much in some categories.

The company, with sales up only 1.9% and earnings down 8.7% in 1985, also sought to control advertising expenses, which had risen 22.3% in 1984 over 1983 as a result of communicating its repositioning to consumers.

Financial results at Penney, which began to improve in the fourth quarter of fiscal 1985, continued into the first half of 1986. Net income for the six-month period ended July 26 jumped 36.2% to $109 million on sales of $6.27 billion, up 7.7%. Solid sales gains and fewer markdowns by sales and catalogs contributed to the improved results, as did tight expense controls.

During 1985, the bulk of Penney's sales were generated by its metropolitan stores, divided into department stores with sales of $9.52 billion, up 2.5% from 1984 in comparative units, and soft-line stores with sales of $858 million, up 0.8% in comparative units.

Another $1.78 billion in sales was contributed by Penney's geographic market stores located in nonmetropolitan areas and in satellite towns within metropolitan areas. Penney reduced the number of these stores from 821 to 753 in 1985 and is continuing to close unproductive stores as it moves into new markets and to modernize existing stores. Partly as a result of this reduction in stores, sales of the geographic stores dropped from $1.82 billion in 1984. Catalog sales departments in these stores also contributed to profit.

During the year, Penney moved its catalog account in-house from D'Arcy Masius Benton & Bowles. In 1985, Penney catalog sales were $2 billion, up 3.7%. Catalog sales departments are a part of all Penney stores as well as some drugstores (Thrifty Drugs and Treasury Drug Centers) and are also run as stand-alone operations. The catalog units were a major reason for Penney's strong fourth-quarter movement. Catalog sales in the quarter increased 14.9%.

Montgomery Ward's exit from catalogs was a factor in boosting Penney's catalog sales, but Penney made significant gains in 1985 in markets where Ward was not a major factor. "Penney views the response to its catalogs as further confirmation that its merchandising shift toward more colorful, basic goods at moderate price points is being well received," according to a report by L.F. Rothschild, Unterberg, Towbin, which tracks the retail industry.

Penney had a slow start in 1983 and 1984 after setting its sights on the more upscale. In some merchandise areas Penney has decided that after moving "ahead one step, it had to move back a half step" to more conservative merchandise, says Edward F. Johnson of Wall Street's "Johnson Redbook." He believes, however, the shift will pay.

The company insists this is not a reversal and does not mean it is returning to a lower price emphasis. It means the company is seeking a balance between lower, middle and upper price tiers. The company notes that independent studies show substantial increases in Penney's share of the total soft-goods market—particularly women's, men's and children's apparel and soft home furnishings—since the repositioning started. Penney's own studies say repositioning has changed consumer perceptions about Penney's ambiance, fashion and service.

In 1985, Penney spent $15.8 million to advertise men's and women's clothes, another $6.7 million for women's apparel by itself and $5.7 million for men's. It also spent another $24.4 million on general advertising, according to Leading National Advertisers. The combined advertising spending for men's and women's was below 1984 levels of $22.9 million but still above a 1983 budget of $11.9 million.

One way Penney is more finely tailoring its merchandise mix is by decentralizing its buying programs. Instead of requiring all stores to carry merchandise that might not be suited to regional tastes or needs, Penney increasingly is using satellite tv as a platform for New York buyers to beam their message to local stores. The stores can then decide if a fashion shown on the tv monitor will play in their town. The satellite system is operated by Private Satellite Network of which Penney owns a 15% interest.

Operating since July, 1985, the system is in use in 165 locations and has saved Penney $3 million in travel and related expenses, plus the money lost when stores have to run markdowns because fashion trends popular elsewhere won't fly in a certain area.

By chance, if not by design, Penney fashion promotions also appear to have become more conservative in the past year. Penney started fashion promotions in 1984 with its Salute to Italy and followed that up in 1985 with Best of Britain, which was advertised with a $9 million print and tv campaign.

For 1986, however, Penney stayed closer to home with a celebration of American Style tied into the Statue of Liberty centennial. On May 11, the company kicked off a $24 million ad

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campaign in support of the promotion but allocated 70% of the budget to newspaper preprints instead of the glitzier tv commercials it had used in the past for fashion promotions.

Penney, as part of its fashion makeover, introduced the Halston III line in 1983 and in 1984, but has "dropped back a bit on fashion in the Halston III line," Mr. Johnson says, noting the line is doing "fairly well" but that Penney is designing "more of the line itself."

Analysts are speculating that Penney is interested in more than the 20% ownership it recently bought for $8 million in Alcott & Andrews, the regional specialty store chain.

In 1985, Penney increased its number of drugstores, operating under Thrifty Drug and Treasury Drug Center, to 374 from 369 as sales rose 8.5% to $641 million.

The company's Belgian stores, operate under the Sarma name. They sell food, apparel and general merchandise and had a sales decline of 3.3%, to $472 million in 1985—the third consecutive year of sales losses.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$9,280	16,943
Newsp. supp.	54	179
Bus. pubs.	0	39
Network tv	44,552	34,030
Spot tv	17,640	16,619
Spot radio	61	1,145
Outdoor	360	299
Network cable	358	232
Total measured	72,305	69,486
Unmeasured	406,587	390,733
Total	478,892	460,219

J.C. PENNEY CO.
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Marketing Personnel

John Wells, sr vp-dir, corp mktg
William Ferguson, mgr-mktg communications
Lanni Benson, dir-visual mktg
Edward Haywood, mgr-adv
Jim Boyton, mgr-media services
Jeanne Fiscina, corp mktg personnel, admin mgr
Bob Jung, mktg publications coord
Tom Jewell, mgr-corp mktg projects
Gerry Tester, mgr, presentation
Robert Burke, controller-corp mktg
Mal Bliss, mgr, packaging & labeling
Bill Speer, mgr, store design
Sid Stein, mgr-mktg rsch & plans services

Advertising Agency

N W Ayer, New York—natl adv—Thomas Maxey, exec vp-exec acct dir; Chuck Meding, sr vp-mgmt super; Agi Clark, sr vp-group creative dir; Jeanne Chenard, sr vp-group creative dir; Meryl Nierman, vp-acct super; R.C. Morrison, vp-acct super. J.C. Penney Financial Services—Jack Rayher, vp-acct super, new business; Ruth Salevouris, sr vp-exec acct dir; H. Hartwell, vp-acct super.

RANK **16**

PepsiCo Inc.

Purchase, N.Y.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	8,057	7,451	8.1
Net income	544	213	155.3

U.S.	**1985**	**1984**	**% chg**
Sales	7,105	6,707	5.9
Operating profits	792	761	4.1
Advertising	478	422	13.3

Division sales	**1985**	**1984**	**% chg**
Soft drinks	3,129	2,908	7.6
Snack foods	2,847	2,709	5.1
Restaurants	2,081	1,834	13.5

PepsiCo benefited from archrival Coca-Cola Co.'s reformulation of its flagship brand as its soft drink sales grew 7.6% worldwide in 1985, while in 1986 it has added Kentucky Fried Chicken, potentially boosting restaurant group sales past those of its segment-leading soft drink business.

The Coke reformulation helped Pepsi-Cola to retain its title as the largest selling soft drink in food stores, although Coke remains the undisputed king in the fountain and vending machine segments. Yet, Pepsi's market share in March, 1986, was 18.9%, down from 19.5% in March, 1985, compared with Coke's 17.2% share for the combined Coke and Coke Classic varieties, a drop from 18.1% the prior year. Analysts attributed the Pepsi brand loss in part to the Slice introduction because Slice dilutes the cola market.

Despite its dip in market share, PepsiCo took advantage of Coca-Cola's marketing snafu by gloating in the media. Pepsi claimed a 1985 victory in the cola wars with a BBDO-designed newspaper ad, signed by Pepsi-Cola USA president Roger Enrico, stating, "After 87 years of going at it eyeball to eyeball, the other guy just blinked."

In July, Pepsi broke two spots featuring a character named Wilbur, who in his confusion over new and old Coke, decides on a Pepsi. In promotional efforts, Pepsi sniggered at Coke by dispensing free Pepsis outside the site of a Coke reformulation analyst briefing.

In an effort to further close the gap on Coke's wide international marketing lead, PepsiCo earlier this year announced plans to purchase Seven-Up Co. from Philip Morris for $380 million, but that was scotched by the Federal Trade Commission. Pepsi then agreed to purchase the international business of Seven-Up, which is outside the purview of the FTC. Coca-Cola, which at the same time announced plans to acquire Dr Pepper Co., also got nixed by the FTC and bowed out as a buyer.

Pepsi-Cola soft drink brands, helped substantially by the success of Slice, its 10% juice drink introduced in 1984, reached $12 billion in the $39 billion U.S. soft drink category. Slice's sales totaled $465 million at retail, and as of October, 1985, the brand had garnered a 2.1% market share, while still available in only 60% of the country. By year's end, Pepsi had increased Slice's distribution to 75%.

As juice-based entries have taken off, led by Slice, No. 1 in the $6 billion citrus segment, analysts warned that flavors may potentially erode the 63% share of the soft drink market colas currently hold.

Pepsi has taken advantage of its head start in the juice-added category by extending its Slice line to include mandarin orange, apple and cherry cola flavors. The cherry cola flavor will go head to head with Cherry Coke, which in the first quarter of 1986 held a 1.7% share. Advertising spending for Slice, via J. Walter Thompson USA's "We've Got the Juice" campaign, was $12.7 million, with an additional $5.1 million for Diet Slice in 1985, according to Leading National Advertisers.

Slice joined a roster of five brands raking in more than $350 million yearly in U.S. retail sales in 1985, including flagship Pepsi, Mountain Dew (which as of March, 1986, held a 2.5% national share of the soft drink market), Diet Pepsi (with a 4.3% national share), Pepsi Free and Diet Pepsi Free.

Although network tv spending decreased 10% for Pepsi-Cola in 1986, LNA put its network spending at an estimated $20 million, with an additional $64.6 million in spot tv. Pepsi has maintained high visibility through its star-studded network advertising campaigns. Encouraged by the success of the reported $5 million contract with singer Michael Jackson in 1984 as a Pepsi endorser, Pepsi reportedly doubled its offer in May, 1986, signing Mr. Jackson to a multiyear contract that includes his services as a "creative consultant" and possibly as a director for a Pepsi spot. Once again, Mr. Jackson's contract does not require him to touch a Pepsi can.

The cola wars spilled over into the entertainment sector in 1985, with Coke and Pepsi vying for big-name endorsers. Pepsi, continuing with its modern, high-tech "Choice of a New Generation" theme designed by BBDO, counted among its paid supporters New York Mets pitcher Dwight Gooden, former Oakland A's and New York Yankees pitcher Jim "Catfish" Hunter, teen music group

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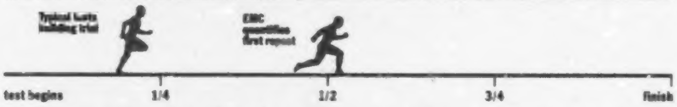

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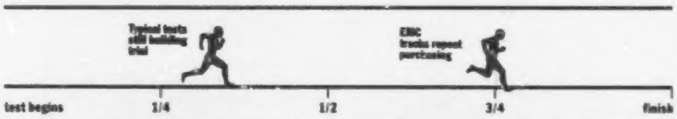
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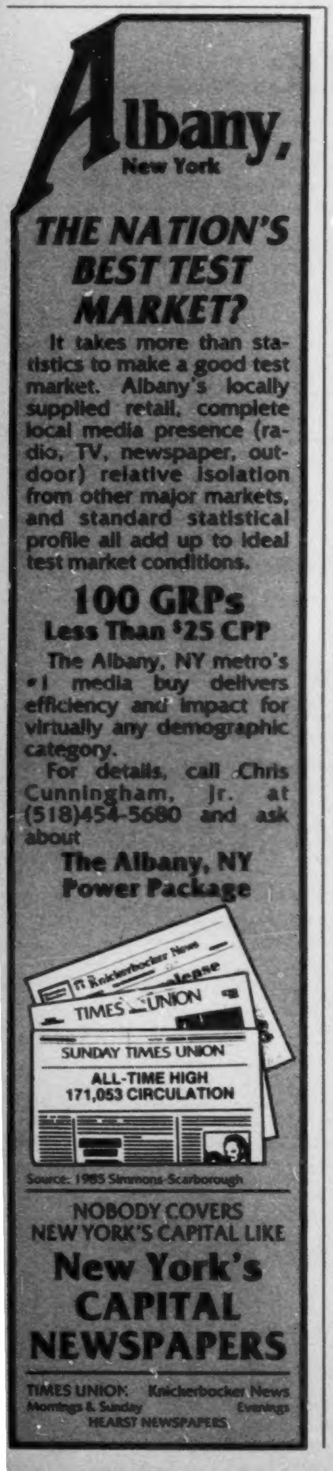
Menudo (via J. Walter Thompson USA, which handled Pepsi's Hispanic advertising and was succeeded this year by Siboney Advertising), former vice-presidential candidate Geraldine Ferraro, San Francisco 49ers quarterback Joe Montana (a two-year deal for $400,000), Miami Dolphins quarterback Dan Marino, Lionel Richie (including a tour sponsorship), gymnast Kurt Thomas (for Slice via JWT), former "Saturday Night Live" star Billy Crystal (for Diet Pepsi's reformulation), "Miami Vice" star Don Johnson and former Eagles band member Glenn Frey (in a two-minute spot directed by Ridley Scott) and "Family Ties" star Michael J. Fox.

In international markets, Pepsi Canada Ltd. signed former Monty Python troupe member John Cleese for Pepsi Free and Diet Pepsi spots and highlighted singer Tina Turner in a $20 million, Ogilvy & Mather-produced Pepsi-Cola campaign, teaming her with foreign rock stars. Pepsi also reportedly negotiated with comedian Eddie Murphy for a $3 million deal that fell through and offered to sponsor a Rolling Stones tour.

BBDO's "Archeology" spot for Pepsi received critical acclaim in 1985, including a gold One Club Award in May; the coveted Grand Prize at the Cannes International Film Festival in July, and three awards—a grand award, soft drink and copywriting award—for the best tv commercial at the International Film & TV Festival of New York in November.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Knickerbocker News Evenings
HEARST NEWSPAPERS

BBDO also won awards at Cannes for two other Pepsi spots, a silver lion for "Robots" and a bronze lion for "Space Shuttle," and a gold award at the IFTV for its Lionel Richie "Block Party" spot for Pepsi. Another Pepsi agency, J. Walter Thompson USA, won a Clio for its "Over the top" commercial in June.

The cola battle bubbled furiously in July when Coca-Cola pulled its commercials from the ABC-TV coverage of Live Aid, protesting Pepsi's corporate sponsorship and signage at the event. In December, Pepsi became a principal sponsor of Turner Broadcasting System's Goodwill Games, broadcast from Moscow in July, 1986, for an estimated $6 million.

In addition, Pepsi put up $1 million to sponsor "Walk Through Rock," a multimedia music exhibit in Denver, and purchased four-week flights on Screenvision Cinema Network's 4,500 movie screens in March. A "Pepsi's Young Astronauts" promotion was scuttled in February after the space shuttle Challenger disaster.

In its snack food segment represented by Frito-Lay, Dallas, sales accounted for virtually half the $6 billion salty snack market. The 5% sales growth, however, was substantially lower than 1984's 11% growth over the previous year. The company says the modest rise reflected international growth, offset by slower unit growth at Frito-Lay. Operating profits for the segment increased 2% in 1985 domestically. In 1985, PepsiCo derived nearly half its operating profits from this segment, however.

Doritos was its biggest seller in 1985, with $715 million in retail sales. Lay's potato chips followed closely with $510 million in retail sales and Ruffles with $495 million. O'Grady's, launched with a $25 million campaign in February, 1984, reached $170 million in retail sales in 1985, up from $100 million the prior year. Spending for O'Grady's was $7.5 million in 1985 out of total Frito-Lay spending of $55 million, according to seven-media totals in LNA.

In 1985, Frito-Lay launched Fritos Chili Cheese corn chips, Doritos Cool Ranch tortilla chips, Lay's Jalapeno and Cheddar potato chips, and test marketed McCracken's brand apple chips.

In the sweet segment, Frito tested Rumbles, a bite-sized granola snack nugget, and Stuffers, a filled snack. PepsiCo spent $2.6 million—a drop from $5 million in 1984—backing its ailing national chewy cookie line, Grandma's. The slow growth of the soft cookie segment over-all, which garnered only about $560 million of the total $6 billion cookie market, prompted PepsiCo to introduce a smaller 4-oz. package of its Rich 'n Chewy cookies to raise its 5.8% share of the soft cookie segment. Foote, Cone & Belding, New York, is Grandma's agency.

Frito-Lay is far behind soft cookie market leaders, RJR/Nabisco (37.4% share), P&G's Duncan Hines (28.4%) and Keeblers (27.6%). The repackaging caused PepsiCo to incur a $16 million charge.

In the foodservice sector, which in 1985 included Taco Bell, La Petite Boulangerie and Pizza Hut, a 13% growth in sales accompanied a 22% growth in operating profits to $194 million. The big news in the division, however, was the announced acquisition in mid-1986 of Kentucky Fried Chicken from RJR/Nabisco for $850 million.

Restaurants, of which PepsiCo operates more than 3,500 company-managed units and franchises more than 3,700, account for about one-quarter of PepsiCo's operating profits. KFC will add 6,500 units worldwide and sales of $3.5 billion. Company-owned restaurants provided RJR with $1.1 billion in sales and operating profit of $91.5 million in 1985.

Currently, only 1,000 of the KFC restaurants sell PepsiCo soft drinks. The remainder sell Coca-Cola products. PepsiCo is out to convert these units once contracts expire. Analysts predict that if all units converted to Pepsi, it would affect Coca-Cola revenues by only 1%. KFC management is moving over from RJR. Richard P. Mayer, chairman-ceo of KFC, continues to head the fast food marketer.

In May, 1986, Steve Reinemund, previously exec vp of Pizza Hut, was named president, succeeding Arthur Gunther, who moved to president-ceo of La Petite Boulangerie.

In the $10 billion domestic pizza category, of which PepsiCo holds a 20% share, the company spent $15 million promoting Priazzo, a deep-dish pizza introduction at Wichita-based Pizza Hut. The 1985 campaign, by Chiat/Day, Los Angeles, helped Priazzo achieve a retail sales level of $85 million since its introduction in June.

Applying the big-name strategy used in its soft drink marketing, in 1985 PepsiCo continued its "Pizza Hut People" Chiat/Day campaign using celebrities Martin Mull, Rita Moreno, Susan Anton and "Marvelous" Marvin Hagler. LNA measured Pizza Hut spending at $64.4 million in 1985, up from $58.4 million in 1984.

Pizza Hut in 1985 built 63 company-operated restaurants and added 118 franchised Pizza Huts and predicted greater additions in 1986. The company also agreed to acquire A&M Food Services, its largest franchisee with 150 restaurants, in 1986. Pizza Hut began 80 home-delivery units in 12 test markets and plans to expand the home-delivery business in 1986.

Taco Bell, PepsiCo's entry in the $1.4 billion Mexican category, jazzed up its offerings with new entrees in 1985 including Pizzazz pizza, which generated $55 million in sales for its first year. Pizzazz pizza agency is Tracy/Locke, Dallas. Taco salad, introduced in 1984, generated $85 million in sales. LNA places Taco Bell spending at $39.3 million in measured media in 1985, up 10.6%.

The company attributed its growth in the Mexican segment to the redesign of Taco Bell begun in 1984, its addition of 270 company-operated and 140 franchised units in 1985 and its increased ad spending.

PepsiCo also underwent several top-level management changes in the first quarter of 1986. Donald M. Kendall, previously chairman-ceo, moved to chairman of the executive committee of the board. Succeeding him was D. Wayne Calloway, formerly president-chief operating officer. The company named Michael Jordan to succeed Mr. Calloway as president and discontinued the chief operating officer post. Mr. Jordan was exec vp-finance and administration.

Mr. Jordan was succeeded by Robert Dettmer as exec vp-chief financial officer, from president, Pepsi-Cola Bottling Group, a post taken by Craig Weatherup, formerly senior vp-sales and marketing for the group. Roger Enrico was moved up to president-ceo of Pepsi-Cola Co., from president-ceo Pepsi-Cola USA, the U.S. soft drink unit. Ronald Tidmore became president, Pepsi-Cola USA, succeeding Mr. Enrico. Mr. Tidmore was previously president of the foodservice division. Succeeding him in that post was John Cranor, previous president of the Wilson Sporting Goods division.

PepsiCo completed the sale of its Wilson Sporting Goods division in September to Wesray Capital Corp. for $121 million in cash and $42 million face amount of preferred stock. Wilson had lost $16.7 million on $248 million in sales in 1984. The sale of PepsiCo's North American Van Lines to Norfolk Southern Corp. for $376 million was completed in June. The sale of Lee Way Motor Freight, its other transportation facility, was completed in 1984 and reflected PepsiCo's concentration on its core businesses.

On the acquisition front, PepsiCo continued to pursue the purchase of bottling networks to increase its share. In May, the company purchased the Allegheny Pepsi-Cola Bottling Co. for $160 million, with the intention of refranchising it. Pepsi also agreed to purchase MEI Corp., another bottler in 19 states, for $590 million.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$2,668	$1,276
Newspaper	5,926	5,036
Newsp. supp.	0	125
Bus. pubs.	337	491
Network tv	82,456	86,220
Spot tv	183,220	154,042
Network radio	5,296	4,746
Spot radio	29,925	25,025
Outdoor	3,387	2,084
Network cable	4,515	1,323
Total measured	317,730	280,367
Unmeasured	160,643	141,752
Total	478,372	422,120

PEPSICO INC.
Anderson Hill Rd.
Purchase, N.Y. 10577
(914) 253-2000

PEPSI-COLA USA

Corporate Personnel

Roger Enrico, president-ceo, Pepsi-Cola Co.
Ron Tidmore, president, Pepsi-Cola USA

Marketing Personnel

John Costello, sr vp-sales & mktg
Michael Lorelli, vp-brand mktg
Alan Pottasch, sr vp-creative services
Henry Hayes, media dir

Advertising Agencies

BBDO, New York—Pepsi-Cola, Diet Pepsi, Pepsi Free, Mountain Dew, packaging & promo—Gary dePaolo, sr mgmt rep; William Katz, mgmt super; Andy Russem, acct super; Jeff Mordos, Wendell Crosswhite, mgmt supers.

Mingo-Jones, New York—black consumer adv—Sam Chisholm, sr vp-sr mgmt rep; Cheryl Wright, mgmt super; Evelyn Tucker, acct exec.

Siboney Advertising, New York—domestic Hispanic adv-all brands—Ruis Nasr, acct dir.

J. Walter Thompson USA, New York—Slice, Diet Slice, Teem, On Tap root beer—Jerry Gottlieb, mgmt dir; Jeremy Birkbeck, acct super.

Tracy-Locke, Dallas—Pepsi-Cola USA—Pepsi Light, new prods—Lanny Houillon, sr vp; Bruce Orr, acct exec.

PEPSI-COLA BOTTLING GROUP

Corporate Personnel

Roger Enrico, president

Marketing Personnel

Craig Weatherup, sr vp-sales

Advertising Agency

Tracy Locke, Dallas—Pepsi-Cola Bottling Group—Jim Wilson, sr vp-mgmt super.

PEPSI-COLA INTERNATIONAL

Corporate Personnel

Robert H. Beeby, president

Marketing Personnel

John Hetterick, vp-mktg
Rod B. Malcolm, dir-creative services
Mark B. Young, mgr-adv

Advertising Agencies

J. Walter Thompson USA, New York—Tony Claravall, acct dir.

Ogilvy & Mather., New York—Keith Bainbridge, vp-mgmt super; Maggie McDermott, acct exec.

PEPSICO FOODS INTERNATIONAL

Corporate Personnel

John S. Pingel, president

Marketing Personnel

Kenneth J. Constable, vp-mktg

Advertising Agencies

Foote, Cone & Belding/Leber Katz Partners, New York—William McDonough, sr vp-mgmt dir.

Tracy-Locke, Dallas—Pepsi Cola Inc. Food Services—Jim Wislon, sr vp-mgmt super; Mike Rawlings, intl coord; Shipley Munson, acct super.

FRITO-LAY
Dallas, Tex.

Corporate Personnel

Willard C. Korn, president-ceo

Marketing Personnel

Leo Kiely, sr vp-sales & mktg
Dennis Freezo, vp-sales operations & planning
Joe Pyland, vp-field sales
Laurie Beeson, vp-brand mktg

Advertising Agencies

Foote, Cone & Belding/Leber Katz Partners, New York—GrandMa's cookies, Fritos corn chips, Ta-Tos potato chips, O'Grady's potato chips—William McDonough, sr vp-group mgmt dir; Chris Novak, vp-acct dir; Mary Love-Mattox, John Roberts, Michael Colacchio, acct execs.

Needham Harper Worldwide, Chicago—Ruffles potato chips, Cheetos cheese puffs, Stuffers, Toppers, Rumbles—Stuart Sharpe-group acct dir.

Tracy-Locke, Dallas—Doritos, Tostitos, Baconettes, Funyons onion flavored rings, Lay's potato chips, Variety Pack, new prods, corporate—Mike Rawlings, sr vp-mgmt super, Terry Davenport, Cindy Hughes, vp-acct supers; Shipley Munson, acct exec.

PIZZA HUT
Wichita, Kan.

Corporate Personnel

Steven S. Reinemund, president-ceo
Michael Jenkins, mgr, corp pr
Jim Baxter, vp-restaurant franchise

Advertising Agency

Chiat/Day, Los Angeles—Lee Clow, creative dir; Guy Day, acct exec.

TACO BELL
Irvine, Cal.

Marketing Personnel

Jim Loser, vp-mktg
George Reynolds, vp-adv
Dane Waitkus, vp-field mktg
Art Redmond, dir-mkt rsch

Advertising Agency

Tracy-Locke, Los Angeles—Ted S. Burnett, president-ceo; Anne Osberg, sr vp-mgmt rep.

RANK
53

Pfizer Inc.

New York

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	4,025	3,876	3.8
Net income	580	511	13.4
U.S.	**1985**	**1984**	**% chg**
Sales	2,343	2,172	7.9
Operating profits	613	545	12.6
Advertising	158	154	2.9
Division sales	**1985**	**1984**	**% chg**
Health care	2,516	2,404	4.7
Agriculture	473	472	0.2
Specialty chem.	392	377	4.0
Materials science	301	303	(0.7)
Consumer	343	320	7.2

Pfizer Inc., which produces and markets a range of consumer products including Barbasol, Ben-Gay, Visine, Coty and Stetson fragrances, sits with $1.2 billion in cash and securities waiting for the right acquisition.

During 1985, the company failed in its efforts to grow by acquisition when it was snubbed in its attempt to buy Richardson-Vicks, which subsequently went to Procter & Gamble, and G.D. Searle & Co., which ultimately made its bed with Monsanto Co.

A marriage with G.D. Searle probably would have enhanced Pfizer's marketing efforts with a new, as-yet-unnamed, low-calorie sweetener that may prove to be a competitor to Searle's aspartame. The product, in the "late stage of testing," is claimed by Pfizer officials to have greater sweetening power than aspartame.

To add to its loss in the unsuccessful bid to acquire Searle, Pfizer lost its president of Pfizer Pharmaceuticals, Sheldon G. Gilgore, who went to Searle as its president-ceo. He was replaced by William C. Steere, who has served as corporate vp-exec vp, Pfizer Pharmaceutical Products.

Pfizer was successful in its bid to acquire American Medical Systems in May, 1985. The company markets implantable urological devices, including a prosthesis for impotent men, which helped AMS sales grow at an annual rate of 44% last year. A $5 million equity investment, representing a 10% acquisition, was made in Angiomedics, a catheter manufacturer.

In 1985, Pfizer reported a 3.8% growth in sales, topping $4 billion for the first time, and a 13% increase in net income. More than 40% of sales came from outside the U.S. Sales have been affected by largely unfavorable exchange rates and steps taken in various countries to trim healthcare costs—notable among these is Japan, Pfizer's largest overseas market where the government reduced drug prices by 9% last year.

Pfizer's consumer division, its fourth largest segment, accounting for 8% of total sales, is its most heavily advertised. Virtually all Pfizer's measured media total, with the exception of its $3.4 million in farm and professional publications, is attributed to the consumer segment, in which sales come largely from the U.S. with sizable international contributions from the U.K., Canada and Mexico.

The consumer group's Leeming/Pacquin division supported Visine eyedrops with $13 million in measured media support, the same as in 1984. The division's second largest expenditure of $8.2 million, up 3.8%, went to media support of Ben-Gay, although it failed to muster momentum as sales declined.

Sales of Barbasol shaving cream together with its companion deodorant products were up 18% as $2.6 million in measured media was spent, all on on network, spot and cable tv, up from only $2,100 in 1984. The division's Desitin baby products received only minor magazine coverage.

The Coty division witnessed significant growth in the men's fragrance line, which accounted for 31% of Coty's U.S. sales last year, led by a strong showing by Stetson cologne and aftershave for men, which grew by 21% in sales. Stetson for men was supported by nearly $6.5 million in measured media, up 20%. A $5 million Christmas campaign prepared by Warwick Advertising aired a week earlier than usual in order to protect Stetson's strong sales.

Lady Stetson for women was introduced Sept. 1 in a campaign by Hicks & Greist, New York. The new fragrance is backed by a $5 million budget for its national rollout. The line is targeted to the 18-to-34-year-old heavy fragrance user and is being marketed as an extension of the men's fragrance.

Coty's Wild Musk, with $3.3 million in measured media support, up from $890,000 in 1984, was its largest selling women's product last year, increasing sales despite a competitive market.

Coty's product line got $17.8 million in measured spending, up from $9.5 million in 1984, which helped boost sales 17%. Cosmetics account for 25% of Coty's sales. Coty introduced Color Focus kits in December. The kits combine three eye shadows with coordinating blush and lipstick in one package.

Pfizer's second most advertised segment, healthcare, accounts for 63% of worldwide sales. U.S. sales in this pharmaceutical sector increased by 9%, while international sales declined by 2%, mainly because of the strength of the dollar abroad.

Mass media advertising is limited in this segment and virtually all Pfizer business lines except consumer products. Pfizer promoted these segments in 1985 with a reported $52 million for pharmaceutical products in professional journals, $2 million in direct mail and an estimated $20 million in educational programs. An additional $40 million was spent on personal sales force selling (detailing).

However, Pfizer soon may begin targeting the consumer directly. The FDA gave drug companies the green light at the end of last year to experiment with mass media advertising. Pfizer is reported to be seeking an agency to handle an estimated $15 million campaign that would promote such drugs as Procardia, Feldene and Minipress in print, perhaps to be followed by network tv. No agency has been chosen.

Though many of Pfizer's long-established brands continue to hold strong positions in the market, several, like Diabinese and Vibramycin, have lost market share to the generic industry. Pfizer's strategy is to continue to roll out and test new products.

Currently, Pfizer is reported to have nine pharmaceutical compounds either in late stages of development or already awaiting marketing approval, according to analyst Rudolph C. Carryl of Value Line. Sorbinil, which alleviates the late complications of diabetes, and doxazosin, a once-a-day selective alpha blocker for the treatment of hypertension, are cited as particularly promising by Mr. Carryl. Pfizer already has filed for approval in several European markets for doxazosin, which will be available under the Carduran trademark.

Pfizer is seeking approval to market its sulbactam/ampicillin, an antibiotic combined with Pfizer's beta-lactamose inhibitor, which enables the antibiotic to overcome the resistance that bacteria develop to many antibiotics. New studies also show that Pfizer's leading antibiotic, Cefobid, exhibits the same characteristic.

Finding new uses for existing drugs, like Cefobid, is another way Pfizer is hoping to expand its markets at a time when a number of its products are going off-patent. Cefobid increased sales by 17% to $145 million in 1985, making it the fastest-growing injectable antibiotic in the U.S.

The company has filed for FDA approval to expand the use of its calcium channel blocker, Procardia, currently used in the treatment of angina pectoris, to include treatment of acute hypertension. Procardia also is being used to delay and even substitute for coronary bypass surgery in selected angina sufferers.

Feldene, used for menstrual cramps and over-all pain relief, topped the pharmaceutical product list in sales with $461 million, up 14%, and making the drug the largest selling anti-arthritic in the world. Procardia came in second, with $219 million in U.S. sales.

Last year, Pfizer announced plans to collaborate with Genentech Inc. of California on a simplified process to manufacture Vitamin C using a new microorganism, a genetically modified bacteria, developed by genetic engineers at Genentech.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$16,729	$13,956
Newspaper	720	704
Newsp. supp.	72	256
Bus. pubs.	3,166	3,235
Network tv	38,552	38,730
Spot tv	2,653	2,370
Network radio	28	130
Outdoor	99	93
Network cable	531	190
Farm pubs.	914	1,991
Total measured	63,463	61,655
Unmeasured	95,000	92,294
Total	158,463	153,950

PFIZER INC.
235 E. 42nd St.
New York, N.Y. 10017
(212) 573-2323

Corporate Personnel

Edmund T. Pratt Jr., chmn-ceo
Gerald D. Laubach, PhD.,president

PFIZER AGRICULTURAL PRODUCTS

Corporate Personnel

R.M. Hendrickson, president

Marketing Personnel

E.T. Hughes, vp-sales
R.N. Fountain, vp-mktg
J.F. Muren, vp-operations
R.A. Stacchini, mktg mgr, communications
R.G. Klein, mktg mgr-research
L.W. Sein, group prod mgr

Advertising Agencies

Rumrill Hoyt (a Saatchi & Saatchi agency), Rochester, N.Y.—Jim Baxter, acct super; Dave Morton, acct exec.

PFIZER CONSUMER PRODUCTS

Corporate Personnel

J.F. Harmon, president

LEEMING/PACQUIN DIVISION

Marketing Personnel

J.F. Anderson, sr vp-mktg
R.L. Unger, vp-mktg
T.F. Coughlin, vp-sales
G.H. Schulze, vp-new prod devel
H.K. Gray, vp-purchasing & packaging devel

Advertising Agencies

Avrett, Free & Ginsberg, New York—Unisom, Don Bandman, exec vp; Marlene Wheeler, acct super.

Ted Bates Advertising/New York—Visine, Visine A.C., Visalens—Lee Hines, exec vp; Vickie Mendlesohn, acct super.

McCaffrey & McCall, New York—Ben-Gay, Desitin, Pacquin, Rheaban—Burtis Flounders, mgmt super; Janet Boyle, acct super.

COTY DIVISION

Marketing Personnel

J.T. Markowski, vp-mktg
J.L. Abernathy, sr vp-sales
J. Webster, vp-sales
W.T. Doran, vp-rsch & devel

Corporate Media Buying

Adforce Inc., New York—media planning & buying activities—Robert Geller, president; John McAvity, vp-broadcast; Martin Gennusa, vp-media.

Advertising Agencies

Hicks & Greist, New York—Lady Stetson, Sophia, Overnight Success, cosmetics—Josann Avery, acct exec.

John Paul Itta Inc., New York—Nuance, Musks—Marc Engelsman, acct exec.

Warwick Advertising, New York—Emeraude, Stetson—Pam Sarnoff, acct exec.

PFIZER CHEMICAL PRODUCTS

Corporate Personnel

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D. E. Kolowsky, exec vp

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Marketing Personnel

D.F. Farley, sr vp-operations
P.J. Regan, vp-operations
W.D. Benfer, vp-U.S. sales
F.P. Chapman, vp-field operations
Vincent DeGennaro, dir-adv & promo

Advertising Agency

D'Arcy Masius Benton & Bowles, New York—F.P. Harvey, senior vp-mgmt super; Charles Rose, vp-acct super; D.E. Bray, acct exec.

PFIZER PHARMACEUTICAL PRODUCTS

Corporate Personnel

William C. Steere, president
P.G. Tombros, exec vp

Marketing Personnel

J.T. Curti, sr vp-medical & pharmaceutical devel
J.N. Arvesen, dir-mktg rsch & planning

PFIZER LABORATORIES DIVISION

Marketing Personnel

G.N. Jortner, exec vp-dir opertions
W.J. Robison, vp-sales
W.B. Surran, dir-mktg services

Advertising Agencies

Carrafiello Diehl & Associates, Irvington, N.Y.—Sinequan—T. Bennett, vp; W. Hanley, acct exec.

Dorritie & Lyons, New York—Minipress, Minizide, Feldene, Procardia, Renese—John Dorritie, president.

Klemtner Advertising, New York—Vibramycin, Terramycin, Oral Vistaril, other ethical drugs—Morgan Cline, president.

William Douglas McAdams Inc., New York—Diabinese, Glucotrol—Stephen Haber, vp; Howard Mandlebaum, srvp.

ROERIG DIVISION

Marketing Personnel

K.L. Katen, vp-dir operations
L.L. Larkin, vp-sales

Advertising Agencies

Robert A. Becker Inc., New York—Geopen, Geocillin, Antivert, Atarax—James Stroup, acct exec.

Cline Davis & Mann, New York—Glucotrol, Spectrobid, branded ethical drugs—Jack Slonaker, vp; Jed Beitler, vp-acct exec.

Dorritie & Lyons, New York—Cefobid, Marax—John Dorritie, president.

PFIZER HOSPITAL PRODUCTS

Corporate Personnel

E.C. Bessey, president-ceo
R.B. Whitman, sr vp
D.M. Fitzgerald, sr vp-worldwide orthopedics, president-Howmedica Inc.

Advertising Agency

Techni-Graphics—Hugh Phares, president.

PFIZER MATERIALS SCIENCE PRODUCTS

Corporate Personnel

D.R. Thacker, president

MINERALS, PIGMENTS & METALS DIVISION

Corporate Personnel

D.R. Thacker, president
W. Nazarewicz, vp-minerals
P.A. Giercio, vp-metals

Marketing Personnel

W.A. Wilkinson, vp-pigments & magnetics mktg & sales

Corporate Media Buying

Adforce Inc., New York—Robert J. Geller, president; John M. McAvity, vp-broadcast; Martin J. Gennusa, vp-media.

QUIGLEY CO.

Corporate Personnel

J.P. Barteis, chmn
J.C. O'Donoghue, president
D.R. Holmes, vp-intl operations
L.J. Dreyling, vp-technical

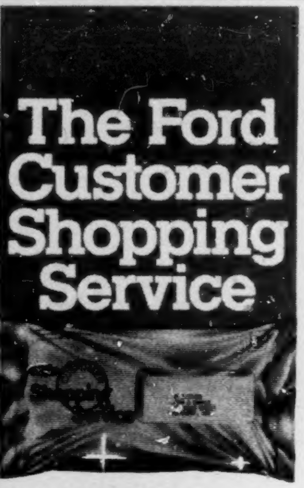
Marketing Personnel

R.M. Galloway, vp-sales & mfg

AD FORCE INC.

Personnel

Robert J. Geller, president
John M. McAvity, vp-broadcast
Martin J. Gennusa, vp-media



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New York

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	15,964	13,814	15.6
Net income	1,255	889	41.2
U.S.	**1985**	**1984**	**% chg**
Sales	11,496	10,034	14.6
Operating profits	2,540	2,150	18.1
Advertising	1,400	1,335	4.8
Division sales	**1985**	**1984**	**% chg**
Tobacco	10,500	9,802	7.1
Beer	2,925	2,940	(0.5)
Other	868	1,072	(19.0)
Food	1,600	N/A	N/A

Philip Morris Cos., the nation's largest cigaret marketer, substantially increased its share of the package goods market in 1985 when it acquired General Foods Corp. PM also inherited an advertising budget of $450 million from General Foods.

Until its purchase of White Plains, N.Y.-based GF for $5.7 billion, Philip Morris was the least diversified of the nation's tobacco companies, with only about 10% of its operating income coming from nontobacco products, namely beer and soft drinks. Now, 43% of its operating income comes from nontobacco products, with revenues from such sources even higher.

In the second quarter of 1986, PM's net income was $377 million, up 17%, on revenues of $6.53 billion, up 76% from $3.72 billion in 1985. The substantial increase was due to a $2.5 billion contribution from GF, accounting for 38% of PM's over-all revenue. GF was purchased in November.

PM now rivals the restructured RJR/Nabisco in size among consumer products companies. In addition to General Foods, PM owns Miller Brewing Co., Seven-Up Co. and Mission Viejo Realty Group.

The international operation of Seven-Up was acquired by PepsiCo in July, 1986. The Federal Trade Commission opposed the sale of the domestic operations of Seven-Up to PepsiCo on the grounds that it would inhibit competition in the domestic soft drink market. The government body does not regulate international operations of domestic companies. The FTC also informed Coca-Cola Co. it would block its intended acquisition of Dr Pepper Co. Both PepsiCo and Coca-Cola withdrew their buyout bids.

Despite several possible ad agency conflicts that arose from the acquisition of GF, few PM accounts were shifted to other agencies. Leo Burnett USA, a major PM agency for more than 30 years, retained all of its PM cigaret accounts despite also handling Kellogg Co., a competitor of GF's Post unit. PM retained Young & Rubicam for many of its GF accounts, even though Y&R also handles several RJR accounts and recently picked up several more.

The only major agency shift came as a result of the merger this year between Saatchi & Saatchi and Ted Bates Worldwide. GF removed Bates from its Maxim and Mellow Roast coffee brands because Saatchi & Saatchi Compton Worldwide handles Procter & Gambles' High Point decaffeinated coffees. However, neither of the two brands had been supported recently.

Total measured advertising spending for the combined companies amounted to $917.6 million, representing a full year of GF folded into the measured media of PM. That figure is 5% above combined measured spending in 1984.

Apart from measured advertising, PM reported spending $1.05 billion on "advertising costs" worldwide to the SEC, up 17.5%. That figure, besides being for worldwide advertising, includes only the last quarter of spending for GF. Ad Age's U.S. estimate folded in a full year of General Foods advertising.

For 1985, sales grew 15.6% to $15.96 billion as net income rose to $1.26 billion, a 41.2% increase attributed in part to a write-down in 1984 of Miller's Trenton, O., brewery, which resulted in a decrease in net earnings for that year. Only the fourth quarter of GF returns are included in PM's financial results.

PM's tobacco business—divided into Philip Morris USA and Philip Morris International—remained the market leader in 1985 with a 35.7% share, up 0.4 share point over the previous year. Only Brown & Williamson Tobacco Corp., Louisville, a major manufacturer of price-value and generic cigarets, improved its market share more than PM. Among full-priced brands only, PM achieved a 38.5% market share.

Operating income for Philip Morris USA increased 17.5% in the year to $2.1 billion on sales of $6.6 billion, up 7.8%. PM USA made up 41% of PM's total sales.

The biggest contributor to PM's success in the cigaret industry continued to be Marlboro—the country's best-selling cigaret—which achieved a 22.3% market share, up 1.2 points from 1984.

PM launched Marlboro Red and Marlboro Lights in full-priced king-size 25 packs nationally in January, 1985. It spent $87.5 million in measured advertising for the Marlboro line, according to Leading National Advertisers, nearly 11% of its total measured ad spending. LNA itemized figures do not include national newspaper spending, which can be considerable in cigaret advertising.

PM entered the price-value segment of the cigaret market in 1985 because consumer acceptance of brands in the lower priced or "value" category had reached a level it could tap. In December, PM extended its Players line when it launched nationally Players Lights 25s at the same suggested price as 20-unit cigaret packages. It was PM's first entry into the growing price-value segment.

In the beginning of this year, PM rolled national with its reformulated Cambridge cigaret line, which is cast as a branded generic. The 12mg tar cigaret is available in regular and menthol, and is PM's attempt to challenge RJR's Doral, the first branded generic.

Cambridge sells at about the same price as unbranded, no-frills and private-label generics. Advertising support is being handled by Leo Burnett USA, which has handled several other PM brands, including flagship Marlboro, for 32 years.

Virginia Slims, the best selling women's cigaret in the country with a 2.7% total market share, expanded in 1985, when PM introduced Virginia Slims Lights 120s, available in regular and menthol. Magazine, newspaper, outdoor and point-of-purchase advertising broke in October, also via Burnett. PM spent $11.8 million on the new cigaret.

Despite an ad campaign that broke in July, 1985, PM's second leading brand, Benson & Hedges, decreased its share of the domestic market last year from 4.8% to 4.7%. PM spent $37.5 million on its B&H line, handled by Wells, Rich, Greene, New York. The agency assignment was up for review among WRG, Burnett and Backer & Spielvogel with a decision due in late July.

After its merger with PM, General Foods was restructured into three operating segments: U.S. grocery products, worldwide coffee and international products, and processed meats.

During the last two months of 1985, the only period for which GF financial figures are available because of the merger with PM, General Foods had an operating income of $116 million on sales of $1.6 billion. For 1984, GF reported net income of $325 million on sales of $9.02 billion. It spent $450 million on U.S. advertising in 1984, up 13.2% from the prior year.

Crystal Light diet drink mixes, introduced in 1984, remained the leader in the NutraSweet-flavored powdered drink mix category, despite challenges from Thomas J. Lipton Inc. and Sunkist. Measured ad spending in 1985 totaled nearly $18 million. GF began testing several new products under the Crystal Light name in 1985, including three new flavors and decaffeinated fruit teas.

GF makes several other drinks including Tang, Kool-Aid and Country Time. It expanded its Kool-Aid line in the summer of 1985 with a limited rollout of Kool-Aid Koolers, GF's entry into the aseptic-packaged drink category. The company spent $22.2 million in measured advertising on its Kool-Aid products.

In April, 1985, GF rolled national with sugar-free Tang breakfast drink, spending nearly $6.5 million on tv, couponing and other promotions. Combined ad spending for all Tang products amounted to $12 million in measured media.

Late in the year, GF's Oscar Mayer unit began national distribution of Oscar Mayer Select Slices, sliced meats made from whole meat rather than mixed processed meats. GF spent $14.5 million on its entire line of Oscar Mayer products.

Other products on which GF invested heavily in measured advertising were Jell-O products ($57.4 million), Louis Rich products ($14.5 million), Stove Top stuffing ($10.9 million), Birds Eye Cool Whip ($9 million), Minute Rice ($8.2 million), Birds Eye frozen foods ($7.1 million), Shake 'n Bake ($6.8 million) and Good Seasons salad dressings ($6.2 million).

GF spent $33.8 million on measured advertising in 1985 for its Maxwell House coffee line, which remains the leading coffee brand in the country. Combined with Sanka and several other brands, GF commands a 41% market share.

GF rolled national last year with Maxwell House decaffeinated instant coffee and began testing Maxwell House Master Collection, a family of whole-bean and ground-premium coffees.

It also introduced fresh-lock packaging for the ground-roast regular and decaffeinated varieties of Maxwell House and Master Blend.

GF spent $14.6 million on its Brim coffee line, $19.2 million on Sanka and $17.3 million on General Foods International Coffees.

In a year of record volume and sales in the cold-cereal market, General Foods' Post cereals decreased in market share from 13.3% to 12.4% in sales and from 14.3% to 13.3% in volume. Analysts say GF suffers from a lack of new product introductions for cereals in addition to a share decline for its traditional brands.

GF's leading brand, renamed Post Natural Raisin Bran, barely made it into the top 10 cereals with a 2% market share in dollars and a 2.6% share in volume.

This represents a slight decrease from 1984. A new ad campaign featuring singer John Denver backs the cereal, which has had the preservatives and the sugar coating on the raisins removed. Grey Advertising, New York, handles the $15 million campaign.

GF also spent $22.1 million on Grape Nuts, which commands a 1.8% market share in sales and 2.4% in volume; $17.1 million on Fruit & Fibre, which has 1.7% and 1.6% market shares, and $5.7 million on Super Golden Crisp, with a 1.2% share in dollars and volume.

Among all PM products, its Miller beer line receives the largest amount of advertising support. PM spent $133.5 million on measured advertising in 1985, 16.4% of its total ad expenditures, on Miller advertising and promotions.

The largest share was spent on network tv spots for Miller High Life and Lite beer from Miller, the nation's leading light beer.

Miller Brewing Co. had operating income of $136 million in 1985, a 16.7% increase, on sales that declined by 0.5% to $2.9 billion. Sales for Miller High Life declined last year, leading to the over-all sales drop. Miller also introduced Miller High Life Genuine Draft in 22 states early this year.

Although operating income for PM's Seven-Up Co. increased for the year, sales declined. The lemon-lime soft drink still leads that segment of the soft drink market, but with a market share of only 53.1%, down from 64.1% in 1984, losing to Coca-Cola's Sprite and especially to PepsiCo's Slice.

Measured advertising in 1985 amounted to $15.6 million for Diet Seven-Up and $20.7 million for its regular brand. In July, 1985, the PM subsidiary shifted its Seven-Up account from N W Ayer to Leo Burnett USA, Chicago. The shift was made, according to some sources, because of a disagreement between the client and Ayer over use of the brand's "Uncola" ad theme.

How much do domestic cosmetic companies spend to advertise in international publications?

Turn to LNA for answers.
See page 93

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$215,038	$188,619
Newspaper	78,031	73,041
Newsp. supp.	20,895	14,357
Bus. pubs.	1,439	3,401
Network tv	348,281	351,939
Spot tv	138,970	143,572
Network radio	2,076	1,704
Spot radio	25,808	29,391
Outdoor	66,991	55,576
Network cable	21,261	14,811
Total measured	918,791	876,411
Unmeasured	481,209	459,013
Total	1,400,000	1,335,424

PHILIP MORRIS CO.
120 Park Ave.
New York, N.Y. 10017
(212) 880-5000

PHILIP MORRIS USA

Marketing Personnel

William I. Campbell, exec vp-mktg
James L. Thompson, vp-media
Vincent J. Buccellato, vp-sales
John J. Gillis, vp-natl accts
Edwin J. McQuigg, dir-sales services
Jon N. Zoler, dir-mktg rsch
Claude A. Beck, dir-media
Vincent J. Weiner, dir-special media
Daniel Tso, dir-new brand devel
Robert P. Roper, group dir-brand mgmt
Ellen Merlo, group dir-brand promo
William K. Cutler, dir-merch materials
Barbara A. Reuter, group mgr-mktg promos
Cathy L. Leiber, mgr-mktg promos, Marlboro
Emmie-Sue LaBauve, mgr-mktg promos, Benson & Hedges
Diane Desfor, mgr-mktg promos, Virginia Slims Tennis
Esther L. Fortner, mgr-mktg promos, Merit & Virginia Slims
James D. Mackey, mgr-trade programs/direct mktg
Mark G. Hulit, mgr, Marlboro promos
Celestia L. Kohl, mgr, Marlboro promos
Richard L. Stirlen, dir-brand mgmt
James Spector, dir-brand mgmt
Herbert H. Foster III, brand mgr, new prods
Nancy E. Brennan, brand mgr, Marlboro
Renee V. Simons, brand mgr, Benson & Hedges
Susan H. Alter, brand mgr, Merit
Richard J. Camisa, brand mgr, Player Lights 25's
James A. Scully Jr., brand mgr, Virginia Slims

Advertising Agencies

Backer & Spielvogel, New York—Parliament—Joe Prior, sr vp-mgmt rep; Chuck Nemetz, vp-acct dir; Kathy McCarthy, acct super.

Leo Burnett USA, Chicago—Marlboro, Merit, Virginia Slims, Player Lights 25's, new prods—Jim Oates, sr vp-acct dir; Peter Volz, vp-acct dir.

Wells, Rich, Greene, New York—Benson & Hedges, Players—Arnold Weinrib, sr vp-acct mgmt; Vince Minicucci, acct controller; Harry Kannar, acct controller asst; Cindy Goodwin, acct exec, Benson & Hedges; Julie Treacy, acct super; Irene Cyprus, acct exec asst.

PHILIP MORRIS INTERNATIONAL
New York, N.Y.

Marketing Personnel

Elizabeth Butson, vp-mktg services, PMI
Franklin Caton, mgr-mktg support services, PMI
Alice Liu, mgr-mktg rsch

Advertising Agency

Leo Burnett USA, Chicago—Jim Oates, sr vp-acct dir.

MILLER BREWING CO.
Milwaukee, Wis.

Marketing Personnel

Robert A. Toledo, vp-brand mgmt
Leonard J. Goldstein, sr vp-sales
Jerome F. Schmutte, group prod dir, Miller High Life, Genuine Draft, new prods
Jay R. Neidenberg, group prod dir, Lite, Meister Brau, Lowenbrau, Milwaukee's Best, Magnum
William H. Barrett, dir-mktg services
Tamara J. Hauck, brand mgr, Lowenbrau
Michael J. Boykin, brand mgr, Meister Brau, Milwaukee's Best, Magnum
Thomas M. Gresk, new prod brand mgr

Advertising Agencies

Backer & Spielvogel, New York—Lite, Meister Brau, Milwaukee's Best, new prods—Jeffrey Palmer, sr vp-group mgmt rep; Frank Assuma, vp-mgmt super; Michael R. Russell, acct super; Roberto Calderin, super-Hispanic speaking mkt; Thomas J. Mendl, acct exec; William C. Renwick, asst acct exec; Nancy Favlik, asst acct exec.

Leo Burnett USA, Chicago—new prods—John Kovos, acct dir; Bob Heller, acct super; Mark Zimmerman, acct exec.

Mendoza, Dillon & Asociados, Newport Beach, Cal.—Hispanic adv, Miller High Life, Miller Life, Lowenbrau—Eduardo Del Rivero, vp-acct services.

Mingo Jones Advertising, New York—genl & black mktg, Miller High Life, Lite beer—Sam Chisholm, sr vp-dir client services; Bill McGugins, vp-mgmt super, Miller High Life; Darryl Hilliard, acct super, Miller High Life ; Roland Chandler, vp-mgmt super, Lite; Calvin McDowell, acct super, Lite.

J. Walter Thompson USA, Chicago—Lowenbrau—William Howard, sr vp-acct dir.

J. Walter Thompson USA, New York—Miller High Life—Steven Bowen, genl mgr, exec vp; Tim Arnold, sr vp-mgmt dir; Marty Susz, vp-acct dir; Andrew Rider, vp-acct super; Ander Wensberg, acct exec; Susan Sheldon, acct rep.

SEVEN-UP CO.
St. Louis, Mo.

Corporate Personnel

Edward W. Frantel, president-ceo
Charles W. Schmid, exec vp, soft drink group
Dick Helmey, vp-foodservice prods div

Marketing Personnel

David Haffner, vp-mktg
Ralph L. Countryman Jr., vp-media services
Brian H. Schuyler, brand mgmt

Advertising Agency

Leo Burnett USA, Chicago—7UP, Diet 7UP, Like—John Kozas, acct dir.

OREGON FREEZE DRIED FOODS

Corporate Personnel

Herbert Aschkenasy, president

Marketing Personnel

William Impey, vp-sales & mktg

Advertising Agency

Evans/Kraft, Seattle, Wash.—freeze dried foods and ingredients—Jim Clune, acct super.

MISSION VIEJO REALTY GROUP
Mission Viejo, Cal.

Corporate Personnel

Philip J. Reilly, president-ceo
James G. Gilleran, exec vp
Jack G. Raub, exec vp
James G. Toepfer, exec vp

Advertising Agency

William Green Associates, Costa Mesa, Cal.—Bill Green, president; Pauline Johnson, acct exec-office mgr; Dave Martin, creative dir.

GENERAL FOODS CORP.
250 North St.
White Plains, N.Y. 10625
(914) 335-2500

Corporate Personnel

James L. Ferguson, chmn-ceo
Philip L. Smith, president-coo
E.R. Shames, sr exec vp
J.M. Hiegei, exec vp-ceo, Oscar Mayer Foods Corp.
R.L. Seelert, sr exec vp
J.C. Tappan, group vp
R. Sansone, group vp
D.W. Johnson, vp-president, ceo Entenmann's Inc.

Marketing Personnel

L.A. Nelson, vp-sales
R. E. Haynes, creative services dir
D.K. Braun, media services dir
W. Shaw, promo services dir

BREAKFAST FOODS DIVISION

Corporate Personnel

D.F. Hurwitt, vp-genl mgr

Marketing Personnel

D.J. Gustin, mktg mgr-cereals
Gary Voorhees, devel mgr

Advertising Agencies

Ted Bates Advertising/New York—Log Cabin—Lawrence Epting, exec vp; Michael Townsend, sr vp-mgmt rep; Stuart Upson, Marci Glanz, vp-acct supers; Steve Cunetta, acct exec.

Grey Advertising, New York—Post Raisin Bran, Grape Nuts, Honeycomb, Grape Nuts Flakes, Fruit & Fibre, 40% Bran Flakes, Horizon Trail Mix—Malcolm Mace, sr vp-mgmt rep; Carolyn Carter, Peter Isaia, vps-mgmt supers, Post Bran Flakes, Fruit & Fibre; Carolyn Carter, vp-mgmt super, Grape Nuts; Carol Herman, vp-mgmt super, Honeycomb; Patti Dyson, vp-mgmt super, Raisin Bran, Horizon Trail Mix; Tina Gallagher, acct super, Raisin Bran, Honeycomb; Christy Graf, acct super, Grape Nuts; Brendan Hanrahan, acct super, Horizon Trail Mix.

Ogilvy & Mather, New York—Alpha Bits, Pebbles, Super Golden Crisp, Honey Nut Crunch, Raisin Bran, Post Tens, Smurfberry Crunch, new prods—Peter Barnet, sr vp-group dir; Cynthia Grant, vp-mgmt super; Eva Page, Bob Hay, acct supers; Susan Ehrlich, James Bell, Maureen Math, acct execs.

ENTENMANN'S INC.

Corporate Personnel

D.W. Johnson, GF vp, president-ceo

Advertising Agency

Benton & Bowles, New York—Bill Munroe, group dir; Tom Lentz, acct super; Minott Wessinger, acct exec.

MAXWELL HOUSE DIVISION

Corporate Personnel

S.B. Morris, GF vp-genl mgr

Marketing Personnel

C.R. Hummel, dir-long range planning
W. Robinson, mktg mgr

Advertising Agencies

Benton & Bowles, New York—Brim, Yuban—Bill Munroe, group dir; William

When asked why he robbed banks, Willie Sutton replied: "Because that's where the money is."

Willie was no dope. He knew the secret of business success: Go where the money is. But for advertisers, going "where the money is" doesn't go far enough. They should go "where money works" because people who make money work are better prospects than people who work for money. They earn more, invest more, spend more.

These are the kinds of people who read DOWLINE. It shows them how to make the most of Dow Jones News/Retrieval® and DowPhone,® two services that bring the vast news-gathering resources of Dow Jones to subscribers electronically and by phone. DOWLINE gives influential business people and active investors practical guidance on how to use information to make the right business and investment decisions. No wonder DOWLINE readers have an average household income of $75,000, an investment portfolio of $163,000, and they trade an average of 20 times a year.

Come to think of it, if Willie Sutton had realized how successful our readers are, he might have stopped robbing banks, and started reading DOWLINE. Because DOWLINE is where the money works—and where your advertising should be.

S YOU'RE TOLD and
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DOWLINE
Where money works.

Badger, acct dir; Lance Smith, acct super, Brim; Andrew Salzman, acct super, Yuban; Priscilla Natkins, acct exec, Brim; Tina Schnucki, acct exec, Yuban

Ogilvy & Mather, New York—Maxwell House brands—Peter Barnet, sr vp-group dir; Mel Kiselik, vp-mgmt super; Rick Roth, Mark Greene, Jill Ghari, vps-acct supers; Melissa Bernhardt, Betsy Lembeck, Debra Kohn, Kathryn Pugh, acct execs.

Young & Rubicam, New York—Sanka, International Coffees—Larry Shapiro, group dir; Arlene Brickner, mgmt super, Sanka; John Swan, mgmt super, Gevalia, international coffee, new prod devel; Kim Bealle, acct super, Sanka; James Siegel, acct super, Gevalia; Larraine Alhadeff, acct super, international coffee.

FOOD SERVICE PRODUCTS DIVISION

Corporate Personnel

A.R. Plassche, GF vp-div president

Marketing Personnel

E.S. Caso, operating & logistics dir
J.M. Harran, mktg & devel dir

BEVERAGE DIVISION

Corporate Personnel

W. Korab, GF vp-genl mgr

Marketing Personnel

Bob Tuckis, devel dir

Advertising Agencies

Benton & Bowles, New York—Crystal Light, new prods—Tom Carey, mgmt dir; Ray Marione, acct dir, Crystal Light; Mike Dabrowski, acct super, Crystal Light; Stuart Pearlman, acct exec, Crystal Light.

Grey Advertising, New York—Kool-Aid, Diet Sun—Malcolm Mace, sr vp-mgmt rep; Carol Herman, vp-mgmt super, Kool-Aid; Patti Dyson, vp-mgmt super, Diet sun; Hal Fass, acct super, Kool-Aid.

Ogilvy & Mather, New York—Country Time, sugar free Tang, Tang—Peter Barnet, sr vp-group dir; Curtis LeSage, vp-mgmt super; Eva Page, Louise Oelbaum, acct supers; Marjorie Kaplan, acct exec.

DESSERTS DIVISION

Corporate Personnel

R.G. Viault, GF vp-group exec

Marketing Personnel

D.A. Smith, mktg mgr-established brands
Rick DeSantis, mktg mgr-frozen novelties

Advertising Agencies

Benton & Bowles, New York—Cool Whip, new prods—Tom Carey, mgmt dir; William Badger, acct dir; Lance Smith, acct super; Susan Freeman, acct exec.

Grey Advertising, New York—Baker's chocolate, coconut, D-Zerta, Dream Whip, Minte Tapioca, Sure-Jell, Whip, Soft Swirl —Jack Frantz, sr vp-mgmt rep; Jerry Zaret, vp-mgmt super; Brenda Hanrahan, acct super, Soft Swirl; Peter Scott, acct super-all other prods.

Young & Rubicam, New York—Jell-O Fruit & Cream, Jell-O gelatin, Jell-O fruit bars, Jell-O Gelatin Pops, Sugar-free Jell-O, Jell-O Pudding Pops, Jell-O pudding—Larry Shapiro, group dir; Rick Bodge, mgmt super; Christopher Ponzio, Fran Gormley, acct supers.

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2 West 45th St.,
New York, NY 10036
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MEALS DIVISION

Corporate Personnel

C.J. Bowen, vp-genl mgr

BIRDS EYE AGRICULTURAL UNIT

Corporate Personnel

C.A. Adamo, mgr

Advertising Agency

Young & Rubicam, New York—Birds Eye frozen vegetables, fruits—Larry Shapiro, group dir; Clark Brooks, mgmt super; James Siegel, acct super.

DRY GROCERY PRODUCT UNIT

Marketing Personnel

L.D. Juliber, mgr

Advertising Agencies

Grey Advertising, New York—Minute Rice, Minute Rice mixes, Stove Top stuffing mix, Oven Fry coating—Jack Frantz, sr vp-mgmt rep; Jerry Zaret, vp-mgmt super.

Ogilvy & Mather, New York—Shake 'n Bake, Open Pit—Dave Wardin, sr vp-group dir; Betsy Wiser, vp-mgmt super; Ken Ramonat, acct exec.

RONZONI FOODS CORP.

Corporate Personnel

R. Ronzoni, president

Marketing Personnel

R.J. Pizzuti, mktg mgr

Advertising Agency

Young & Rubicam, New York—pasta, other prods—Larry Shapiro, group dir; Clark Brooks, mgmt super; Sheldon Lipton, acct super.

OSCAR MAYER SECTOR

OSCAR MAYER FOODS

Chicago, Ill.

Corporate Personnel

J.M. Hiegel, GF exec vp-div chmn-ceo
J.W. McVey, GF vp-div president
R.L. Tolleson, GF vp-div exec vp

Advertising Agency

J. Walter Thompson USA, Chicago—Oscar Mayer brands—John Furr, sr vp-group acct dir; Jerry Johnston, vp-acct dir; Kimberly Miller, Corrine Sidler, Chris Rector, acct supers; Diane Kucera, Jennifer Lord, Pam Berland, acct reps.

LOUIS RICH

Marketing Personnel

Bryan Stockton, mktg mgr

Advertising Agency

Ted Bates Advertising/New York—Louis Rich meats—Lawrence Epting, exec vp; Michael Townsend, sr vp-mgmt rep; Stuart Upson, Lisa Brown, vps-acct supers; Nancy Katz, acct exec.

CHEESE DIVISION

Corporate Personnel

B.G. Laragh, GF vp-div president

Marketing Personnel

R.H. Ogden, mktg mgr

GF INTERNATIONAL

Advertising Agency

Ogilvy & Mather, New York—Peter Barnet, sr vp-group dir; Curtis LeSage, mgmt super; James Bell, Matt Thornhill, acct execs.

RANK **17**

Pillsbury Co.

Minneapolis

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	5,848	4,843	20.8
Net income	208	192	8.3
U.S.	**1986**	**1985**	**% chg**
Sales	5,374	4,442	21.0
Operating profits	484	394	22.9
Advertising	473	449	5.5
Division sales	**1986**	**1985**	**% chg**
Consumer foods	3,029	2,580	17.4
Restaurants	2,663	2,053	29.7
Commodities	156	210	(25.7)

Pillsbury Co., substantially boosting its over-all advertising and promotion budget last year, was fueled by strong sales in the Minneapolis company's food and restaurant divisions.

Worldwide, Pillsbury's advertising and promotion budget, which includes some selling costs, increased 28% to $525 million reported to the SEC during fiscal 1986, which ended May 31. Ad and promotion costs in the U.S. were not disclosed, but were estimated by ADVERTISING AGE.

Fiscal 1986 was Pillsbury's 15th straight year of increased sales and earnings. Strong sales increases in the consumer foods and restaurants divisions boosted net income 8% to $208 million from $192 million in 1985, and sales were up 21% to $5.8 billion from $4.8 billion in 1985.

Consumer food sales rose 17% to $3.03 billion, and restaurant sales grew by 30% to $2.66 billion, while sales in Pillsbury's commodities division continued to fall, skidding 18% to $182 million from $223 million in 1985, reflecting a general downward trend in commodities pricing. That decrease mirrors a similar drop between 1984 and 1985.

Measured advertising rose 11.1% during calendar 1985 from $234.0 million to $246.9 million—with $172 million spent advertising Pillsbury's growing flock of restaurants, according to Leading National Advertisers. Including spending by local franchisees, advertising spending on the restaurant division hit $190 million in 1986.

Television by far dominates spending in the restaurant division with spot tv taking $96 million, up 15% from 1984, and network tv $74.8 million, up 35%. Burger King total measured advertising of $156 million was virtually all in television—$83.9 million in spot, up 7.4%, and $71.1 million in network, up 38.6%. Tv spending for Burger King does not include this year's $40 million "Herb" blitz. Godfather's Pizza was supported with $8.7 million, all in spot tv, and Steak & Ale drew $3.2 million in spot, up 33%, and $3.7 million in network, down 9%.

Acquisitions were key last year to Pillsbury's transition from a folksy seller of flour and food ingredients to slick marketer of prepared foods and consumer goods.

After months of rumors, last December Pillsbury bought Jeno's, its frozen pizza rival, based in Casselberry, Fla. The purchase, for an undisclosed sum, gave Pillsbury, already the marketer of No. 1 Totino's pizza, the nation's No. 2 pizza and a 50% slice of the $813 million frozen pizza market.

In other acquisitions, Pillsbury bought R.T. French's dehydrated and fresh potato unit and Peoria, Ill.-based Joan of Arc Co., a canned vegetable and salads business, increasing its canned product line by one-third. In addition, Diversifoods, an Itasca, Ill.-based restaurant holding company, was bought for $386.4 million, marking the largest acquisition in Pillsbury's history.

Diversifoods, bought in May, 1985, delivered to Pillsbury the largest Burger King franchisee in the nation and 1,000 other restaurants, including Godfather's Pizza, Bennigan's, Quik Wok and Steak & Ale restaurants. Two other additions to the restaurant division are Bay Street and Key West Grill, which is testing in Florida, a Pillsbury spokesman says.

Full service restaurants, such as Bennigan's and Steak & Ale, enjoyed a good year as sales climbed 13% in 1986 to $722 million.

In the seven months after the Diversifoods buy, Pillsbury showed its backing for Omaha-based Godfather's Pizza with $8.7 million in measured ad spending, virtually all of it spot tv.

Pillsbury restaurants' sales, including franchise revenue, amounted to $2.66 billion, up 29.7% with an operating profit of $304.7 million, up 38.5%.

The consumer products division includes vegetable and side dishes, prepared dough products, main meals, light meals and snacks, and bakery and sweet goods.

In addition to the acquisition of Jeno's Pizza, a barrage of new products helped Pillsbury maintain its strong market share in half of the company's domestic product categories. Green Giant Valley Combinations frozen vegetables, Haagen-Dazs ice cream bars as well as a new line of Pillsbury microwave and prepared dough products were just some of the division's new entries.

Microwave and toaster products led the meals and snacks division in new product introduction. Pillsbury expanded its microwave line with French Bread Pizza and Classic Casseroles, and toaster muffins debuted this summer in grocery freezers. In addition, Azteca, a new line of Mexican foods, is now being test marketed. Overall, the meals and snacks division, with $562 million in sales, showed a 43% gain in 1986, while the breads and bakery division showed only a slight increase of 2% with $1.21 billion in sales.

Pillsbury dough, the largest product category in the breads and bakery division, added new products to its line—Pillsbury BEST soft, spoonable cookies in four varieties, Crusty French Bread, and All Ready Pizza Crust.

Pillsbury is moving increasingly toward ready-to-eat foods, as is competitor Procter & Gamble, which is deemphasizing standard cake mixes in its Duncan Hines brand as the market demands more easier-to-prepare finger food mixes, such as muffins and brownies, where it is running headlong into the province of General Mills' Betty Crocker line.

Pillsbury announced earlier this year that traditional company products like dry mixes and refrigerated dough, which now make up 52% of annual sales, are expected to account for just 33% of sales in 1990. In other consumer food group divisions, vegetable and side dishes' sales were up 39% in 1986 to $701 million and ice cream sales saw a 14% gain to $157 million.

Two acquisitions in the vegetable and side dishes division, R.T. French's dehydrated and fresh potato unit and Joan of Arc Co., gave the company more visibility in both canned and potato product specialty lines. With these acquisitions, Green Giant increased its canned vegetable volume 13% in fiscal year 1986. New Valley Combinations frozen vegetables and a new entry in the division—Special Additions, which combines vegetables with separately packaged toppings—helped Green Giant increase its frozen volume 7%.

Pillsbury admitted that sales and profits for BK was well below expectations. Burger King, which now holds approximately 17% of the domestic hamburger market, began a new ad effort in June under the theme "This is a Burger King town." Ad spending figures for the effort are not available.

Earlier this year, after the American public digested BK's search for Herb (a mythical fellow who had never been to a Burger King), the fast food marketer

to the crowded chicken nugget market. But a combination of consumer demand and supply problems, traced in part to McDonald's purchase of every available chicken scrap in the U.S. while Wendy's readied its own chicken product, hampered the March 30 introduction.

Burger King restaurants across the country were running out of Chicken Tenders by late April, forcing BK to stop national advertising for the product until mid-August.

In 1986, competition pushed BK to seek out unconventional locations for its restaurants. Military bases, shopping malls and toll roads offered a new home for the Whopper, as college campuses and recreational areas saw the emergence of BK's Mobile Express. BK rolled out eight mobile fast-food units so far this year and is planning additional units in 1987.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$4,675	$2,505
Newspaper	769	1,965
Newsp. supp.	0	80
Bus. pubs.	254	349
Network tv	115,861	106,983
Spot tv	112,374	108,506
Spot radio	11,006	12,014
Outdoor	1,261	893
Network cable	728	757
Total measured	246,927	234,053
Unmeasured	226,293	214,494
Total	473,220	448,547

PILLSBURY CO.
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Minneapolis, Minn. 55402
(612) 330-4966

U.S. FOODS

Corporate Personnel

Tom McBurney, chmn
Kent Larson, president

Marketing Personnel

Tom Gartner, vp, growth & devel
Don Osell, vp-mktg services
Ron Kos, dir-adv services

BAKERY/SWEET FOODS DIVISION

Corporate Personnel

Bob Lindsay, vp-genl mgr
Dan Locke, vp

Marketing Personnel

David Webber, dir-mktg

LIGHT MEALS & SNACKS DIVISION

Corporate Personnel

Dick Nickel, vp-genl mgr

Marketing Personnel

Dick Anderson, dir-mktg, pizza
Jeff Christensen, dir-mktg, microwave & toaster prods

VEGETABLE & SIDE DISH DIVISION

Corporate Personnel

Gary Klingl, vp-genl mgr

Marketing Personnel

Dixon Lewis, dir-mktg, canned vegetables
Rebecca Roloff, dir-mktg, frozen vegetables

PREPARED DOUGH PRODUCTS DIVISION

Corporate Personnel

Mike Paxton, vp-genl mgr

Marketing Personnel

Dudley Hauser, dir-mktg
Robbie Westmoreland, group vp-industrial foods

MAIN MEALS

Dan Barnett, vp-genl mgr

BURGER KING CORP.

Miami, Fla.

Marketing Personnel

Tom Sawyer, vp-mktg
Ray Hood-Phillips, dir-adv & promo
Tom Kettinger, dir-adv & promo
Greg Thomas, dir-adv & promo
Melanie Wisniewski, dir-adv & promo
Dick Ambrose, dir-field mktg
Denis Hitchmough, dir-media
Barry Schwartz, dir-mkt rsch

Advertising Agencies

BBDO, New York—All-ready pie crusts, Pillsbury microwave prods, artificial sweeteners, new prods—Robert Spofford, mgmt super.

Leo Burnett USA, Chicago—Green Giant prods, refrigerated foods, Hungry Jack potatoes & pancakes, Totino's pizza, Jeno's pizza—Bill Boris, exec vp; Edson Sessions, acct dir.

D'Arcy Masius Benton & Bowles, Los Angeles—Van de Kamp's frozen seafood and entrees—Andy Bielansky, vp-mgmt super.

Ketchum Advertising, San Francisco—family flour, Figurines, Milk Break milk bars, new prods—Robert Kroyer, ceo; Anne Fisher, mgmt super; Rosilyn Young, acct super; Kathleen Brunswick, acct exec.

Marketing Southwest, San Antonio, Tex. —Quik Wok restaurants—Nancy McWethy, acct super.

Pride, Barber & Pride, Minneapolis—bakery flour, mixes & equipment—William Barber, president, dir client services.

SSC&B:Lintas, New York—Steak & Ale,

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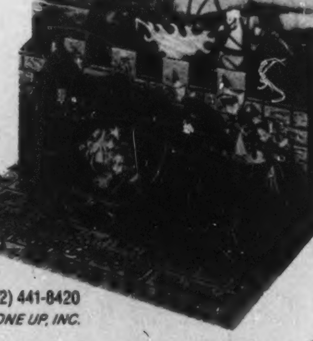

mgmt super.

J. Walter Thompson USA, New York—Burger King—Stephen G. Bowen Jr. sr vp.

UniWorld Group, New York—Burger King minority adv—Byron Lewis, chmn-ceo; Andy Bonaparte, acct exec.

Castor Spanish Int'l—Hispanic adv.

HAAGEN-DAZS ICE CREAM
(including Sedutto Ice Cream)
Teaneck, N.J.
Marketing Personnel

Beth Bronner, vp-mktg
James E. Richards, vp-sales

Advertising Agency

McCann-Erickson, New York—Haagen-Dazs—John Dooner, head acct rep; Steve Hurwitz, sr vp-group dir; Dana Ferguson, vp-acct super; Kendra Haaland, acct exec.

S&A RESTAURANT CORP.
Dallas, Tex.
(Steak & Ale, Bennigan's)
Marketing Personnel

Lane Cardwell, sr vp-strategic planning
Scott Burcham, vp-mktg, Bennigan's
Norma Karter, mktg mgr, Bennigan's
Ruth Reed, dir-mktg, S&A
Rich Martino, mktg mgr, S&A

Advertising Agencies

Rosenberg & Co., Dallas, Tex.—Bennigan's—Trey Morgan, acct exec.

SSC&B/Lintas, New York—Steak & Ale—Robert D. Wadsworth, exec vp.

VAN DE KAMP'S
FROZEN FOODS DIVISION
Long Beach, Cal.
Marketing Personnel

Brent Bailey, vp-mktg
Peter Nolan, vp-sales

Advertising Agency

D'Arcy Masius Benton & Bowles, Los Angeles, Cal.—Today's Catch frozen fish, battered and breaded fish, Mexican, entrees—Andy Beilansky, mgmt super; Diane Krouse, acct exec.

AZTECA CORN PRODUCTS CORP.
Chicago, Ill.
Marketing Personnel

Thomas P. Gworek, natl retail sales mgr
Renee Togher, assoc mktg mgr

Advertising Agency

Keroff & Rosenberg Advertising, Chicago—Azteca brand tortillas—Chas Rosenberg, exec vp-creative dir.

GODFATHER'S PIZZA
Omaha, Neb.
Marketing Personnel

Charles Henderson, vp-mktg
James McBride, vp-adv & sales promo
Joann Kelly, dir-field mktg

Advertising Agency

J. Walter Thompson USA, Chicago—Mark Pearson, sr vp-group acct dir.

RANK

Procter & Gamble 1

Cincinnati

($ in millions)

Worldwide	1986	1985	% chg
Sales	15,439	13,552	14.0
Net income	709	635	12.0
U.S.	**1986**	**1985**	**% chg**
Sales	11,210	10,243	9.4
Operating profits	634	521	22.0
Advertising	1,600	1,462	9.4
Division sales	**1986**	**1985**	**% chg**
Cleaners	5,348	4,844	10.4
Personal care	6,451	5,107	26.3
Food & bevs.	2,923	2,815	3.8
Other	1,161	1,237	(6.1)

Procter & Gamble Co. strengthened its position as the largest national advertiser in 1985 with U.S. advertising and promotion expenditures of $1.6 billion, including spending for its newly acquired Richardson-Vicks subsidiary.

P&G spent the latter part of fiscal 1986, ended June 30, integrating not only R-V, but a newly acquired G.D. Searle & Co. division into its operations. The $1.55 billion acquisition of Wilton, Conn.-based Vicks brought under the P&G umbrella such well-known brands as Oil of Olay, Clearasil and the Vicks line of cold remedies. R-V earned $72.2 million on sales of $1.2 billion in the fiscal year ended June 30, 1985. P&G got Searle over-the-counter pharmaceutical brands—Metamucil, Dramamine and Icy Hot—from Monsanto Co., St. Louis, in a sell-off following Monsanto's purchase of Searle.

Throughout the 1985-86 fiscal year, P&G's product lines increased sales and market share, but the company says a higher tax rate and interest expense stemming from the acquisitions masked a stronger year-to-year gain in operating earnings.

P&G's acquisition of Vicks enables the company to forge ahead in otc pharmaceuticals with already established brand names. In a letter to shareholders, P&G said the Vicks and Searle purchases make P&G the leading otc pharmaceutical marketer.

"The merger gives P&G exposure in businesses it's been trying to build, such as otc drugs. It gives it an entree into skincare and nutrition and adds products to categories in which Procter is already strong, like haircare," says Jay Freedman, household products analyst with Kidder, Peabody, New York.

With the Vicks acquisition, P&G also gained distribution synergies, with P&G strong in food and mass retail outlets and Vicks strong in drug outlets. "R-V and P&G's combined distribution will be helpful to both companies, particularly overseas [where Vicks is noted for its market coverage]," says Hugh Zurkuhlen, P&G analyst with Salomon Brothers, New York.

P&G alone spent more than $1.09 billion in worldwide advertising and promotion in fiscal 1985, ended June 30, says the company. Vicks in its fiscal 1985, ended June 30, reported its selling, advertising and administrative expenses as $604.2 million, down from $622 million in the prior year. Of that 1985 total, about $400 million was in actual advertising and promotion.

According to seven media measured by Leading National Advertisers, P&G (and R-V) advertising for 1985 totaled $926.5 million, up 9% from a combined $850.3 million in 1984. Both years include full-calendar-year totals for both P&G and R-V.

The P&G-Vicks merger added substantially to the combined company's ad spending and media clout. Vicks helped P&G further its claim as the world's biggest tv spender. In network tv, P&G now spends a hefty $200 million more than No. 2 American Telephone & Telegraph, nearly double AT&T's total spending.

Vicks' $70 million tv budget mainly supports its cold remedies, primarily NyQuil, DayQuil and Vicks Formula 44D. P&G handles network tv negotiations in-house.

P&G in April, 1986, began redistributing product responsibilities for Vicks and Searle brands in an effort to eliminate duplication and to take advantage of different marketing and development strengths.

Vicks continues to operate as a separate subsidiary, with its president and ceo, John S. Scott, reporting to P&G president John Pepper. P&G's beauty care division takes over Vicks' Vidal Sassoon and Pantene haircare products, and its health and personal care unit will handle the Denquel oral care line, Tempo antacid and Searle's Metamucil. Vicks assumes responsibility for Chloraseptic and Head & Chest cold remedies, Norwich aspirin, Encaprin analgesic, Wondra hand-and-body lotion and Searle's Dramamine and Icy Hot.

The merger and the subsequent brand realignment led to agency changes. The biggest move took $45 million in measured media spending for Vick's Oil of Olay and Vicks Formula 44 away from Young & Rubicam, New York. The agency change was expected. P&G has one of the strictest advertising-conflict policies. While Y&R did not hold any conflicting accounts with its Vicks products, it is a major agency for P&G's main competitor, Colgate-Palmolive, which Y&R joined several years ago after dropping its P&G business.

Oil of Olay was given to Wells, Rich, Greene, New York, which handles P&G's Prell, Sure and Spic 'n Span, among other products. D'Arcy Masius Benton & Bowles, New York, picked up Vicks Formula 44, an estimated $12 million account, but lost the $16 million Pepto-Bismol and $5 million Tempo accounts to Leo Burnett USA, Chicago. Tatham-Laird & Kudner, Chicago, was assigned Metamucil, an

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TRANS WORLD

$8 million account handled by Needham Harper Worldwide. P&G also removed Encaprin from DFS-Dorland Worldwide and Dramamine from Needham Harper Worldwide, but has not announced new agency assignments. Encaprin has been discontinued due to a lack of sales.

Instead of introducing a slew of new products, P&G went back to marketing basics in 1985, lavishing money and attention to strengthen the market positions of its main businesses—diapers, dentifrice and detergents.

In the $2.8 billion U.S. disposable diaper category, the company began enjoying the results of its $500 million capital expenditure and advertising program to revamp aging equipment and introduce improved Pampers and Luvs disposable diapers. It is estimated that P&G spent as much as $220 million of that amount on advertising and promotion alone. P&G is spending an estimated $100 million on advertising and promotion for the thicker, "Blue Ribbon" Pampers introduced in June, 1985, and thinner Ultra Pampers, introduced early in 1986.

Coupled with an early 1986 launch of new Luvs Baby Pants, a thicker diaper with elasticized waistband and legbands, P&G's share of the category rose to 58.5% by mid-1986 from 46% last year. P&G's main competitor, Neenah, Wis.-based Kimberly-Clark's Huggies, has dropped from a high share of 32% to 25% during the same period, mainly because the company has had to limit its sales of the diaper and hold off on promotions while it changes equipment to make new versions of the Huggies diaper. Paper industry analysts believe K-C will again gain market share once the company reaches full production capabilities.

In measured media spending, P&G spent $17.4 million, down 34% from $26.4 million the previous year, with almost all that amount put into network and spot tv time. P&G also spent $20.9 million in measured media to support Luvs diapers, down 10% from the $23.2 million in measured spending last year. Kimberly-Clark spent $27 million on Huggies, a 9% increase from 1984's $24.8 million in measured spending. D'Arcy Masius Benton & Bowles, New York, handles both "Blue Ribbon" and Ultra Pampers; DFS-Dorland Worldwide, New York, is the Luvs agency.

Analysts say the company made up for the declines in measured spending by doing more promotions, including an estimated $500,000 promotion touting Ultra Pampers' acceptance by the National Assn. of Pediatric Nurse Associates & Practitioners.

P&G also pushed for further affirmation of its diaper superiority, filing a patent infringement suit against Kimberly-Clark. In the case, which has not been decided, P&G alleges K-C's Huggies use P&G's "heat recoverable article" patent. In another court case, Weyerhaeuser Co., Tacoma, Wash., was determined to have willfully infringed on P&G's Luvs diaper patent when Weyerhaeuser copied the diaper for a private-label product it sells.

The Always line of feminine protection products, P&G's first entry into the estimated $1.5 billion feminine pad category, continued its strong showing in its second year of national distribution. In early 1986, P&G introduced "Carry and Dispose Pouches" for Always maxi and thin maxi napkins with print ads themed, "Now it's easier than ever to take Always with you." D'Arcy Masius Benton & Bowles, New York, handles Always. The company also expanded the Always line with the introduction of Always Plus—thin supermaxi, supermaxi pad and regular maxi pads with "panty protectors," side panels that fold down around panty edges to protect against leakage.

P&G's estimated $100 million 1984-85 Always introduction netted the brand an initial 18% share, but the brand in mid-1986 has dipped to a 13% to 16% market share. Category leader Johnson & Johnson, New Brunswick, N.J., has an estimated 45% share for Stayfree, Sure & Natural and Assure & Natural, while Kimberly-Clark maintains a 23% to 25% share with Kotex and New Freedom. Lake Success, N.Y.-based Tambrands' Maxi-Thins has a 9% to 10% share.

Always received more than $20 million in measured media spending, up 12.3%, primarily for network tv and magazines.

The company's 1985 measured spending on its other consumer paper products dropped 14.8% to $29.1 million, partly the result of heavy spending on Bounty regular and microwave towels in 1984.

Banner paper towels, a line extension to value-priced Banner toilet tissue, are in limited distribution. Measured media spending for Banner dropped 47% to $4 million. Bounty holds an estimated 18.8% share of the $1.3 billion U.S. paper towel business, with Banner adding an additional 1.2% share. Market leader, Scott Paper Co., Philadelphia, has a 23.1% share with its four brands—Job Squad, Scot Towels, Viva and Waldorf.

P&G continued testing its lanolin-laced Special Touch by Puffs facial tissues, but apparently has not convinced consumers it has that "special touch" to relieve sore noses. Special Touch by Puffs is in test markets in Iowa, Michigan and Wisconsin, positioned as the tissue that "Helps take the 'Ow' out of blowing." The premoistened tissue competes against Kimberly-Clark Corp.'s Softique.

In the over-all $1 billion facial tissue category, P&G has pulled ahead of Scott Paper Co. for the No. 2 slot in the category, with an 18% share, according to some analysts. Kimberly-Clark is the undisputed market leader with an estimated 45% to 50% share generated by its Kleenex brands.

P&G supported its regular Puffs tissues with $6.2 million in measured media spending, up 21.8%. The company backed Special Touch with $299,800 from minimal measured spending in 1984. P&G has not said whether it will distribute the tissue nationally.

P&G is the leading marketer nationally of bathroom tissue, holding close to 30% of the $2 billion market. In addition to Charmin, which received close to $6 million in measured media spending, P&G increased its measured media spending for White Cloud by 92%, climbing to $4.8 million because of a Leo Burnett USA-created tv campaign launched July, 1985.

In the $300 million incontinence category, P&G expanded the distribution of Attends adult disposable briefs into drugstore chains nationally. The briefs previously were available only through home healthcare stores and nursing homes. P&G supported Attends with $1.05 million in measured media spending, up from minimal spending in 1984. The company also began testing new Attends undergarments for the ambulatory incontinent, while continuing to offer Trimfit Attends, a smaller version of the Attends pad, through nursing homes. The incontinence market is skewed toward nursing home usage, with P&G holding an estimated 55% share and Kimberly-Clark's Depend, 13%.

P&G also made a strong comeback in the personal care area, primarily by boosting its market share in the $1 billion dentifrice category. After holding 40% of the market during the late 1970s, Crest steadily lost share to Colgate-Palmolive Co.'s Colgate. By last spring, Crest's market share totaled 29.5% to Colgate's 28%.

P&G then rebuffed the Colgate challenge by launching Crest Tartar-Control, backing the new product with an estimated $50 million. It also spent an additional $25 million on Crest pump dispenser and $20 million to $25 million on regular Crest. Market share has returned to its 37% to 39% 1970s level.

In measured media spending, P&G spent $38.3 million for Crest, up 21%.

P&G's cosmetic Gleem toothpaste spending rose 66% to $7.4 million, mainly through spot tv buys. Measured support for Scope mouthwash rose 6.25% to $13.6 million.

In the nearly $1.3 billion (retail sales) deodorant/antiperspirant market, P&G's Secret and Sure held steady market position throughout the year. Secret holds an 11.1% share and Sure, 12.5%. Measured media spending dropped 10.4% to $28.5 million.

P&G continued its introductory cycle for the eight-item Ivory shampoo and conditioner line into the $3 billion haircare category, backed with an estimated $35 million budget, $17.3 million in measured media spending. By mid-1985, Ivory commanded an estimated 6% to 8% of the market, positioned as the line that is "Not fancy, just fabulous."

P&G's category-leading Head & Shoulders dandruff shampoo contributed 9% to the company's over-all 20% share of the category. P&G is testing via Tatham-Laird & Kudner, Chicago, two reformulated Head & Shoulders shampoos, one for normal-to-dry hair and one for normal-to-oily hair.

Measured media spending for Pert shampoo dropped 2.1% to $6.2 million, but may get a needed boost if P&G rolls out Pert Plus, a combination shampoo and conditioner testing in Seattle. Leo Burnett USA handles.

Media spending for Prell doubled to $16.9 million on the strength of the introduction of Prell protein-enriched conditioner. Christie Brinkley is the new spokeswoman for Prell shampoo and conditioner "body-building system," appearing in magazine and network tv spots.

P&G backed the Lilt home permanent, shampoo and conditioner line with $13.7 million in measured media spending, more than doubling spending the previous year. The increased magazine and tv spending backed the introduction of Lilt shampoo and conditioner for permed hair.

P&G's haircare products division in Cincinnati now has purview over Vicks' $100 million Sassoon business, the bulk of sales coming from the U.S. Sassoon increased its advertising 15% to $11.1 million as the unit introduced a men's grooming line and women's styling products.

Although Sassoon lost share when new products, like P&G's own Ivory, came on the market, the line maintains a 3.9% to 4% share of the shampoo market, according to figures compiled by Fairfield, N.J.—based Charles Kline & Co., a market consulting company. The unit produced a music video, Mr. Mister's RCA recording "Is It Love," featuring actors wearing the company's new Colorific products, unusual styling mousses and gels that temporarily dye hair in intense punkish colors.

Sassoon supported the new product introduction with a $10 million campaign via Peter Rogers Associates, New York. The line includes shampoo, conditioner, finishing rinse, hair spray and various men's grooming aids.

Pantene, a well-established trademark internationally, used department store promotions to give the upscale brand much-needed visibility. In the U.S., the brand holds an estimated 2% share of the category, according to Kline & Co. The brand received $1.2 million in measured media spending, the same as 1984, mainly in magazines and spot tv.

P&G supported Wondra hand-and-body lotion with $1.9 million in measured media spending, a 51.3% decline. Greenwich, Conn.-based Chesebrough-Pond's Vaseline Intensive Care lotion continued its supremacy in this $500 million category, with a 19% dollar share. Wondra posted a 2% dollar share.

Richardson-Vicks' Oil of Olay remains the clear leader in the $450 million facial lotion segment, with a 23% share, but its sales have slipped, as have No. 2-ranked Noxell's Noxzema, whose share has dropped to 15.6% from a 1979 high of 28%, Salomon Brothers analyst Diana Temple says.

Facial cleansing is one of two growth areas, the other being men's skincare, that Richardson-Vicks has entered in recent years. The Oil of Olay line, which includes the Olay beauty bar and the Olay beauty cleanser, received $27.9 million in measured media spending via Young & Rubicam, but the $100 million brand has since been reassigned to Wells, Rich, Greene.

Clearasil has extended its teen base to the 20-to-34-year-old market, as the teen population in the U.S. has declined. Clearasil adult care acne medicine entered the $140 million-plus, acne-remedy market in 1984 and has been edged out in the battle for market share by Revlon's Oxy 5. Market share for both companies is in the low 20% range. Noxell's Acne 12 continues to trail both Revlon and Clearasil.

Vick's Saxon men's skincare line, made up of an aftershave conditioner and Golden Musk fragrance, received $1.18 million in measured media spending, up 73.5%.

Procter & Gamble increased measured media spending 35% for its bar soaps, to $59.9 million. Ivory bar and liquid soaps dropped 40% to $18.7 million, with Camay, Coast, Lava, Safeguard and Zest reporting spending increases. Media spending for Monchel face and body bar jumped to $3.2 million from minimal media expenditures, as P&G rolled the product into limited national distribution.

Completing the triumvirate of leading P&G business, the company's detergent business came roaring back during 1985, buoyed by new product introductions and further consumer acceptance of Liquid Tide. For one A.C. Nielsen Co. reporting period, Liquid Tide held the No. 1 spot in the $1 billion liquid segment of the detergent category, beating out Lever Bros.' Wisk. However, Wisk in mid-1986 has come back stronger than before, holding a 7.6% share to Liquid Tide's 6.1%.

Although competition from Colgate-Palmolive and Lever Bros. remained high, P&G regained some lost market share, with the flagship Tide brand holding an estimated 23% to 25% share, up from 21% last year. P&G is determined to increase its over-all 50% hold on the $3 billion detergent category and is testing at least five new detergent products, most bearing the Tide name.

In various test markets are: Multi-Action Tide sheets, a detergent, whitener and fabric softener packaged in a single sheet used in both the washer and the dryer; Tide Redi-Paks, 10 single-use boxes of Tide powder packaged together; New Tide, a mixture of color-safe bleach, bleach activator and enzymes, and Liquid Cheer, a liquid version of the popular all-temperature powdered detergent.

P&G also tried Cheer Power Pouches, a premeasured, concentrated detergent packaged in dissolvable pouches. The product is very similar to Clorox Co.'s Act, also a concentrated laundry detergent in premeasured pouches. Oakland, Cal.-based Clorox is testing Act in three southern cities.

P&G also expanded nationally with Liquid Bold 3 heavy-duty laundry detergent supported with $14 million in measured media spending.

P&G spent more than $44 million in measured media on the Tide franchise and backed Era Plus with $17.3 million, up 4.8%.

Much of P&G's detergent problems stemmed from the lackluster performance of its first liquids—Era, Plus

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and Solo. The introduction of Liquid Tide and the upgrading of detergent formulations are believed to have helped P&G defend its position against aggressive promotions by Lever Bros. for Wisk and new Surf liquid and powder detergents and Colgate-Palmolive for new Liquid Fab and Dynamo 2.

P&G's Cascade automatic dishwashing detergent easily leads the estimated $500 million category with a 50% market share. However, in mid-1986, two liquid automatic dishwasher detergents—Colgate's Palmolive and Economics Laboratories' Electrasol—entered national distribution, and Lever is testing a Liquid Sunlight. P&G is believed to be readying a Liquid Cascade. P&G supported Cascade and Lemon Cascade powders with $15.9 million in measured mdia spending, virtually the same as in 1984.

P&G's Bounce sheet and Downy liquid fabric softener brands continued leading the $550 million category, although the company's combined market share is 48%, down seven percentage points from its year-earlier level. Lever Bros.' Snuggle sheet and liquid fabric softeners have picked up much of P&G's share, holding an estimated 19% of the category. P&G has introduced Triple Concentrated Downy to rebuff Lever's inroads in the fabric softener category and supported Bounce and Downy with $24.4 million in measured media on network and spot tv, down 14.7%.

In light-duty dishwashing liquids, P&G introduced Sud-Z Lemon as the spokesfruit for Joy dishwashing liquid. Joy, courtesy of Sud-Z Lemon, was restaged as "the toughest little squirt on dirt." Grey Advertising, New York, handles Joy.

With its Dawn, Ivory and Joy brands, P&G holds a 45% share in the $750 million light-duty detergent category. The company poured $35.5 million in measured media to back the category, down 14.5%.

In the general household cleaning category, P&G introduced Spic 'n Span no-rinse cleaner, backed with $4.9 million in measured media spending, with an additional $6.8 million supporting Spic 'n Span liquid pine cleaner. Comet cleanser received a 17% boost to $7.5 million, while Mr. Clean cleanser climbed 18% to $8.5 million. Spending is expected to jump sharply during P&G's 1986-87 fiscal year with the national launch of Mr. Clean soft-abrasive cleanser.

P&G's other all-purpose cleaner, Top Job, dropped 13% to $6 million in measured media support.

P&G responded to skyrocketing wholesale coffee prices in March, 1986, with the introduction of Folgers Special Roast flaked coffee. The 11.5-oz. can yields the same amount of brewed coffee as a 1-lb. can, but costs about $1 less. The Special Roast competes against market leader General Foods' Maxwell House Master's Blend in the $4.5 billion coffee market. White Plains, N.Y.-based GF has a 41% market share and Maxwell House is the largest selling brand. P&G has a 22.5% share and Folgers is the second-biggest brand. P&G spent $43.6 million in network tv, spot tv and cable tv for Folgers regular and instant coffees.

P&G in early 1986 also expanded the test of Folgers Red Brick, a ground-roast coffee sold in a brick-shaped package made of laminated plastic and foil, into the northeast from southeastern markets. Brick packs from General Foods and Chock Full O' Nuts Corp., New York, also are in the works.

Measured media spending for High Point coffee dropped 72% to $4.1 million as P&G turned its marketing attention to the better-selling Folgers brand.

P&G continues to lose money on Citrus Hill Select, backed with $15 million in measured spending. It holds an estimated 10% of the $2.4 billion ready-to-serve orange juice category. Coca-Cola Foods, marketer of Minute Maid, claims a 22% share and Beatrice Cos.' Tropicana, 11%. Both Citrus Hill Select and Duncan Hines ready-to-eat cookies continue to perform well-below original company expectations.

During the year, Duncan Hines continued battling No. 1 Nabisco Brands, Frito-Lay and Keebler for market share in the $558 million soft-cookie segment of the $3.1 billion ready-to-eat cookie category.

When the dual-texture segment was introduced three years ago, analysts predicted it would command as much as $775 million or 25% of the market. However, the segment has been flat, despite new packaging, flavors and recipe formulations by all four companies.

Nabisco (now RJR/Nabisco) remains the frontrunner with a 37% market share. P&G has 28.4% of the soft-cookie market and has made a modest formula change in its chocolate chip cookie. The new "Blue Ribbon" recipe—made to be more homemade, the company says—is for the plain chocolate chip, mint chocolate chip and butterscotch chocolate chip varieties.

Ready-to-eat cookies received $22.5 million in measured media spending, up 63%. Some of the media spending supported the launch of Duncan Hines cookies in convenience packs. Four-cookie packs now are sold through vending machines in the Southeast and Midwest.

For cake mixes, P&G holds an estimated 40% share of the more than $756 million mix category with its Duncan Hines brand. The company reportedly is deemphasizing promotions for its standard cake mixes to better concentrate on "finger foods," such as brownie and muffin mixes. P&G in December, 1985, introduced nationally a three-item line of Duncan Hines Bakery Style muffins and a three-item line of Duncan Hines flavored brownies. Measured media spending was $34.6 million for the Duncan Hines mix line, up 28%.

P&G's soft drink business, Crush International, has not progressed beyond a 2% share of the $30 billion soft drink retail market for its Crush, Hires root beer and Sun Drop brands. The company tried keeping up with the rapid-fire spending and new product introductions from PepsiCo and Coca-Cola, both of which launched 10% fruit-juice soda lines, while P&G reformulated its orange, grape and strawberry Crush sodas to also include 10% juice. Cunningham & Walsh, New York, handles P&G's $4.3 million Crush account.

The drug lines of P&G's new purchases, Richardson-Vicks and G.D. Searle & Co.'s Metamucil, Dramamine and Icy Hot, added to P&G's Norwich-Eaton division, gave the company an estimated $1 billion in otc drug sales to push P&G past market leaders Johnson & Johnson and American Home Products, according to estimates by Charles Kline & Co., marketing consultancy.

To its crowded medicine chest, P&G added Vicks' popular line of Formula 44 cold remedies, Cremacoat, Daycare, NyQuil, Sinex, Vaporub and Percogesic analgesic.

According to Hugh Zurkuhlen, analyst with Salomon Brothers, P&G stated its otc intentions with the 1982 purchase of Norwich Eaton. He says the company clearly had a strategy of "growth through acquisitions." Norwich Eaton brought Pepto-Bismol, Norwich aspirin and Chloraseptic to P&G.

In the $800 million cold-remedy market, NyQuil continued as the market leader with an estimated 12% share, followed closely by Burroughs Wellcome's Actifed and Sudafed brands, which together have nearly 20% of the market.

R-V executives attribute NyQuil's continued success to its constant selling message that it is the product for "nighttime colds relief." D'Arcy Masius Benton & Bowles, New York, handles. The company supported Ny-

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Quil with $15 million in measured media spending in 1985.

In the $300 million cough segement, Robitussin, marketed by A.H. Robins Co., Richmond, Va., and Vicks Formula 44, remain leaders with a combined 50% market share. Formula 44, originally targeted to children, successfully changed its strategy during 1985 to attract baby-boomer adults via a new campaign and a repositioning of its line. Tv spots that aired during the winter cough-cold season featured soap opera star Peter Bergman with the theme, "The adult formulas. From Vicks, of course."

The company supports the Vicks line with more than $14.8 million in measured media spending. Young & Rubicam was the agency. The brand has been reassigned to D'Arcy Masius Benton & Bowles, New York.

Encaprin, P&G's encapsulated aspirin, continued losing ground to the ibuprofens marketed by Bristol-Myers and American Home Products. With $6.3 million in measured media spending, down 66%, Encaprin has managed to earn less than a 1% share of the $1.2 billion U.S. pain reliever market. DFS-Dorland Worldwide, New York, was Encaprin's agency. Currently, the brand is unassigned.

Another struggling brand is P&G's Head & Chest, whose 2% share of the cold remedy category weakened even more during the 1985 cold season.

In April, 1986, John Pepper assumed the title of president, moving up from exec vp-U.S. consumer products, succeeding John Smale, who remains chief executive officer and chairman. Mr. Smale succeeds the retiring Owen Butler as chairman.

Boosted by spending for Richardson-Vicks' products, P&G's spending for eight measured media jumped 9.72% to $926.5 million. Major media spending shifts were in network cable tv, up 25%; magazines, up 43%; network radio, up 131%; newspapers, down 68%, and outdoor, down 60.7%.

In June, 1986, P&G sold Vicks' home care products division, including Formby's furniture stains, Thompson's Water Seal and Tri-Flow, to Sterling Drug Co.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$93,144	$65,319
Newspaper	7,345	6,707
Newsp. supp.	2,107	2,206
Bus. pubs.	3,170	2,469
Network tv	488,756	473,878
Spot tv	285,118	262,132
Network radio	12,770	5,834
Spot radio	5,677	5,380
Outdoor	150	380
Network cable	31,404	25,112
Total measured	929,640	849,415
Unmeasured	670,360	612,510
Total	1,600,000	1,416,925

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Marketing Personnel

L.A. Pritchett, vp-sales
W.P. Nock, sales mgr-beverage div
B.A. Kindem, sales mgr-beauty care div
W.A. Burns, sales mgr-bar soap & household cleaning prod div
A.H. Welch, sales mgr-packaged soap & detergent div
J.K. Goodwin, sales mgr-paper prod div
T.A. Muccio, sales mgr-food prod div
S.L. Zimbler, sales mgr-health & personal care div
H. Tecklenberg, senior vp-Norwich div
J. Forr, sales mgr-soft drink div
R.D. Haasnoot, adv mgr-foodservice & lodging
A. Harris, senior vp-genl adv & mgmt systems div
R.V. Goldstein, vp-adv
M. Upson, adv mgr-beverage div
J.N. Lilly, adv mgr-food prods div
B.J. Buchan, adv mgr-food prods div
A.G. Lafley, adv mgr-packaged soap & detergent div
R.H. Van Wagener, adv mgr-bar soap & household cleaning prods
R.M. Malcolm, adv mgr-health & personal care div
M.A. Thompson, adv mgr-beauty care div
J.T. Smith, adv mgr-paper prods div
J.D. Jones, adv mgr-paper prods div
R.E Gill, mktg mgr-soft drink div
R.J. Herbold, mgr-mkt rsch dept
V.O. Hamilton, div mgr-genl adv dept
L.R. Love, div mgr-genl adv dept
R.L. Wehling, div mgr-genl adv dept

Advertising Agencies

Leo Burnett USA, Chicago—Camay, Cheer, Chloraseptic spray and throat lozenges, Era Plus, Head & Chest cold remedy, Lava, Lilt shampoo & conditioner, Lilt home permanent, Secret, Gleem, Cinch, Pert, White Cloud, Pepto-Bismol, Tempo—Peter M. Husting, sr vp-client services dir.

Burrell Advertising, Chicago—Crest—Linda Pharr, vp-mgmt super; Alisa King, Fay Ferguson, acct execs.

Cunningham & Walsh, New York—Folgers, Crush, Hires, Special Touch by Puffs, Citrus Hill Select, Certain—W. Albright, exec vp-acct group dir; Jack Snow, vp-mgmt super.

DFS-Dorland Worldwide, New York—Bounty, Oxydol, Dreft, Luvs Baby Pants, Solo, Tender Leaf tea—J. Fuller, mgmt group dir; T. Love, R. Pounder, mgmt supers; Dick O'Brien, J. Plumez, mgmt group dirs.

D'Arcy Masius Benton & Bowles, New York—Vicks Formula 44, Complete, Clearasil, Fasteeth, Fixodent, NyQuil, Lifestage vitamins, Cremacoat cough medicines, DayCare cold medicine, Vaporub, Vicks cough drops, Sinex, Dawn, Ivory Snow, Dash, Bounce, Crest, Scope, Norwich aspirin, Ivory shampoo & conditioner, Wondra, Always, Attends, Charmin, Pampers—T. Carey, R. Hopple, sr vps-acct dirs.

Grey Advertising, New York—Downy, Joy, Bold 3, Liquid Bold 3, Jif, Puffs, Duncan Hines cookie mix and ready-to-serve cookies, Puritan oil.

Jordan Manning Case Taylor McGrath, New York—Zest—Alice Bond, vp-mgmt super.

Klemtmer Advertising, New York—professional Highpoint coffee, Ivory soap—Chris Woodbury, acct super; Mark Fine, acct exec.

Lally, McFarland & Pantello, New York—ethical pharmaceutical prod, Denquel—Ron Pantello, president; Beverly Breitenback, acct exec.

Leber Katz Partners, New York—Saxon aftershave, Pantene prods—Cynthia Perry, acct group super; V. Loewenstein, acct exec.

Mandabach & Simms, Chicago—fats, oils & shortenings for foodservice—Lee Lippman, sr acct super; William Schoenwald, Andrea Mallen, acct supers; John Corbett, acct exec.

Northlich, Stolley, Cincinnati—coffees, cleaning prods, bar soaps for food service & lodging, coin-vended laundry prods—Bruce Mackey, vp-acct super.

Peter Rogers Associates, New York—Sasoon shampoos, conditioners, rinses, coordinators—P.Rogers, president; L. Favara, creative dir; G. Tabaczyk, sr vp-acct services dir.

Saatchi & Saatchi Compton, New York—Tide, Cascade, Crisco, Crisco Oil, Top Job, Comet, Comet Liquid, Ivory bar & liquid, High Point, Duncan Hines cake, frosting, brownie and muffin mixes.

Slater Hanft Martin, New York—Percogesic analgesic—Jerry Martin, chmn-mgmt super; R. Dorin, acct super.

Tatham-Laird & Kudner, Chicago—Biz, Mr. Clean, Coast, Head & Shoulders, Metamucil.

Wells, Rich, Greene, New York—Oil of Olay, Pringle's, Safeguard, Sure, Prell, Spic 'N Span, Gain, Banner bathroom tissue and paper towels, Spic 'N Span Pine—Dick Byrne, Bruce Kelley, acct group dirs.

RANK **36**

Quaker Oats Co.

Chicago

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	3,671	3,520	4.3
Net income	180	157	14.6
U.S. advertising	246	234	5.1
Division sales	**1985**	**1984**	**% chg**
U.S. grocery	2,135	2,068	3.2
Int'l grocery	821	706	16.3
Fisher Price	485	422	14.9
Specialty	217	172	26.2

Quaker Oats Co., which boosted its advertising budget 5.1% in 1985, is integrating past acquisitions into the product family and strengthening its leading position in the food industry with further acquisitions.

The company boosted its advertising and marketing expenditures 13% to $716.6 million worldwide in fiscal 1986 to give the Quaker stamp to this new business, and it spent $463.1 million worldwide, up 12%, on merchandising expenses. Quaker's U.S. advertising expenses increased to $246 million in 1985, according to an Advertising Age estimate.

Quaker is structured in four major segments: U.S. grocery, which produces about half of Quaker's total sales and two-thirds of its operating income; international grocery products, about one-third of sales and a fifth of operating income; Fisher-Price toy division, good for 12% of sales and 10% operating income, and specialty retailing group, about 5% each of sales and operating income.

Quaker recently announced its intention to sell off its specialty retailing unit, made up of Brookstone, a hobby tool supplier; Jos. A. Bank Clothiers, and EyeLab, a professional, one-stop eyecare facility.

Quaker continues to focus on acquisitions for its U.S. Foods operations and is particularily interested in foodservice companies, such as Liqui-Dri Foods, chairman and ceo William Smithburg says. In 1985, Quaker bought Liqui-Dri, which supplies biscuit mixes to McDonald's. At the time of the purchase, the company sold into about 45% of McDonald's outlets.

Two deals that are pending would bring San Leandro, Cal.-based Golden Grain and the Gaines Foods unit from Houston-based Anderson, Clayton & Co. into the Quaker Oats fold. The Gaines deal is pending the acquisition of Anderson, Clayton by Bear Stearns Cos. and Gruss & Co., two New York-based investment companies. Anderson, Clayton bought Gaines in 1984 from General Foods.

Golden Grain holds the No. 1 share in the $248 million prepared rice category, according to Time Inc.'s Selling Areas-Marketing Inc. That share could be strengthened further if Quaker takes its two main products, Rice-A-Roni and Noodle-Roni, national. Sources estimated Quaker will pay $250 million for the company. Golden Grain also owns Ghirardelli Chocolates and Vernell Candy Co., which analysts predict Quaker will sell.

The Gaines deal, entangled in the messy takeover battle between Anderson, Clayton and the investment firms, would make Quaker the No. 2 pet food marketer, nearly doubling Quaker's share to 14.5% of the $5.2 billion market. Quaker had been concentrating on expanding its dog food sales with new product introductions and by its entry into the dog treat category.

Last year, Quaker added Puppy Kibbles n' Bits to its dog food line. This June, the company said it will devote $30 million introducing Kibbles n' Bits n' Gravy Bits over the next year, another extension of its highly successful Kibbles n' Bits line. The gravy product is receiving network tv and coupon support via J. Walter Thompson USA, Chicago.

Quaker followed the successful introduction of Ken-L Ration Snausages dog treats with the $6 million introduction of Ken-L Ration Pupperoni's jerky treats for puppies. Quaker is ranked fifth in the $324 million dog snack market.

Ken-L Ration also received promotional support, something Quaker is noted for in the industry. In the Treasure Hunt promo, Quaker gave away $5 million in gold and silver coins inserted randomly in packages of three Ken-L-Ration products. Network tv and coupons supported the drive.

Those and several other product introductions in its U.S. Foods unit typify Quaker's growth strategy. "Brand strength by category, not the over-all size of the company, is the key to maintaining a profitable growth record in the food industry today and in the future," says Frank Morgan, Quaker president-chief operating officer.

Quaker holds the No. 1 position in seven domestic product categories, he adds. They are hot cereals, granola bars, pancake mixes, frozen breakfast products, corn goods, thirst quenchers and canned beans. As of midyear, more than 42% of Quaker food sales came from new products developed or acquired since 1980, Mr. Morgan says.

In January, 1985, Quaker introduced Oh's, a ready-to-eat cereal in crunchy nut and honey graham flavors, into half of the country. The product will move into national distribution this month.

Backed by $27 million in advertising and promotion, Oh's represents Quaker's first new entry into the cereal category since its 1984 introduction of Mr. T. Network tv, print and coupons, via Backer & Spielvogel, Chicago, are supporting Oh's.

Quaker's performance in the $4.7 billion ready-to-eat cereal market has been disappointing over the past several years. The company's share has fallen to 7% in 1986 from 8.2% in 1985. Quaker's strategy is to solidify its base products, Cap'n Crunch and Life, while introducing new products such as Oh's. The "Where's the Cap'n?" promotion for its Cap'n Crunch cereal may go down as one of the best promotions in food marketing. The $18 million promotions involved removing the likeness of Cap'n Horatio Crunch from cereal boxes, then providing clues to his whereabouts on the back of cereal boxes.

Selected consumers who found the Cap'n using the clues were awarded cash prizes. The $6 million media support included a $600,000 two-minute tv spot that aired simultaneously on all three networks one Saturday morning, revealing where the Cap'n was.

For its efforts, the Cap'n Crunch brand team was rewarded with a 50% increase in sales during the 14 weeks of the promotion. Time will tell if sales stay higher than prepromotion levels. B&S, Chicago, and Golin/Harris public relations handled the account in conjunction with Quaker's in-house promotion department.

Quaker is preparing a similar promotion for Life cereal. Beginning this summer, Quaker distributed boxes of Life cereal picturing at least two dozen pre-teens and teens. Consumers are challenged to "Find who's Mikey," the cereal's spokeschild for 15 years, who is now 18 years old. Again, selected consumers will receive cash prizes. Quaker is said to be spending up to $20 million on the promotion, or twice the cereal's 1985 ad budget. BBDO, Chicago, handles Life.

In hot cereals, Quaker last year began testing a Fruit & Cream line in Dallas. The four-item line is based in Quaker's successful peaches & cream and strawberries & cream varieties in its regular hot cereal line. The line, now including blueberries & cream and bananas & cream, is set to move into national distribution this month with $17.5 million in tv and coupon support.

Earlier in the year, Quaker introduced Apples, Raisins & Walnuts flavored instant oatmeal. Last September, the company also added the first flavored long-cooking oatmeal, which is now in national distribution. The line comes in two flavors, Apple, Raisin & Spice and Raisin & Cinnamon. That line will be the recipient of a good portion of the $22.5 million Quaker has set aside to promote its hot oat cereals this fall. Quaker holds the No. 1 spot in the $436 million hot cereal market.

Aunt Jemima introduced the market's first frozen pancakes for the microwave or toaster last year in original, blueberry and buttermilk flavors. Aunt Jemima also added a line of One-Batch baking mixes for muffins and biscuits.

Gatorade added two twists last year. The nation's No. 1 thirst quencher is now available in a four-pack of 16-oz. bottles—designed to make Gatorade more portable and bring it closer to the "point of sweat," Mr. Morgan says. The company added lemonade flavor in April.

Quaker began developing another one of its '85 acquisitions, Arden Organics, an Asheville, N.C.-based rice cakes maker. Quaker put its own name on the product and began distributing it through grocery stores from its original health food store distribution system. The company is plugging $10 million into a tv and print campaign via JWT touting the product as a light alternative to bread.

Strong gains in international sales, coupled with a more favorable mone-

Top 25 spot radio advertisers

		Spot radio ad expenditures			as % of co.'s
Rank	**Advertiser**	**1985**	**1984**	**% chng**	**1985 ad total**
1	Anheuser-Busch Cos.	$39,713	$38,288	3.7	7.6
2	Van Munching & Co.	31,720	30,651	3.5	34.0
3	PepsiCo Inc.	29,925	25,025	19.6	6.3
4	General Motors Corp.	27,942	30,836	(9.4)	3.6
5	Philip Morris Cos.	25,808	29,391	(12.2)	1.8
6	Chrysler Corp.	23,549	18,777	25.4	6.0
7	Southland Corp.	19,926	12,479	59.7	N/A
8	Delta Air Lines	19,903	19,321	3.0	21.2
9	Shell Oil Co.	17,290	9,940	73.9	N/A
10	Sears, Roebuck & Co.	16,505	10,078	63.8	2.1
11	Eastern Air Lines	14,944	5,708	161.8	16.7
12	Coca-Cola Co.	14,732	13,932	5.7	3.8
13	Ford Motor Co.	14,493	10,787	34.4	2.4
14	AMR Corp.	14,217	11,994	18.5	13.5
15	UAL Inc.	13,386	6,802	96.8	9.2
16	Beatrice Cos.	12,198	2,986	308.5	1.8
17	Nissan Motor Co.	11,663	7,584	53.8	7.2
18	Pillsbury Co.	11,006	12,014	(8.4)	2.3
19	George A. Hormel & Co.	10,269	4,851	111.7	14.5
20	Sara Lee Corp.	10,147	2,345	332.7	3.5
21	IC Industries	9,767	9,993	(2.3)	5.7
22	Chevron Corp.	9,688	5,920	63.6	N/A
23	Adolph Coors Co.	9,537	18,927	(49.6)	9.1
24	U.S. Government	9,233	7,572	21.9	3.6
25	Stroh Brewery Co.	8,098	13,478	(39.9)	7.2

NOTE: Dollars in thousands. Source: Radio Advertising Bureau tary exchange rate, brought Quaker's international unit out of the dumps. By midyear, the unit was 16% ahead on sales with unit volume up 5%.

Lower commodity prices and reduced operating overhead also have served to increase profit margins for Quaker's overseas unit. Especially strong were its franchises in France, Italy and the U.K.

Looking for added toy sales for this year's Christmas season, Fisher-Price held an agency review last year, shifting the $25 million account to JWT, Chicago, and Backer & Spielvogel, New York, from Waring & LaRosa, New York. B&S got the $13 million to $15 million infant and preschool portion of the account, while JWT now handles F-P's Gummi Bears and other new products, including Puffalumps and eletronic games. Earlier this year, F-P announced it is doubling its ad budget to $50 million to support new products.

Fisher-Price continued its diversification into products for older children and parents by introducing 33 toys at midyear. For parents, F-P added a car seat with safety and convenience features and the Travel Tender, a portable, foldup crib. Those join F-P's first two Parent Helpers, a buzzer that alerts parents when toddlers open a door and a musical light dimmer, for children afraid of the dark.

F-P teamed up with Walt Disney Productions in a licensing agreement that allows the company to sell plush toy characters based on Disney's Saturday morning tv program, "Gummi Bears." The line includes 28 items from bears to dragons to cubs.

The toy company also added products to its highly successful audio-visual and Construx plastic construction kit lines for older children, introduced in 1984. For infants and toddlers, F-P introduced four riding toys to counteract KDN Enterprises' Big Wheel's domination of that market. Following the success of its Bubble Mower, a toy lawn mower that blows soap bubbles, F-P added the Magic Vac, a toy vaccuum cleaner with pretend dust puffs that fly around inside the carriage.

In July, Quaker restructured its U.S. Foods unit, adding two senior vps under Hedric Rhodes, president of that unit. James Tindall, who had been Fisher-Price vp-general manager, U.S., now handles Quaker's hot and ready-to-eat cereals and its corn goods. Lawrence Hathaway, vp-product management for Quaker's U.S. Foods, now oversees snacks, Aunt Jemima products and Celeste pizza.

Earlier this year, Quaker shifted prime-time network tv buying responsibilities to Backer & Spielvogel, New York, from JWT, Chicago. JWT continued to buy daytime and early morning tv.

Leading the major shifts in media spending at Quaker was network radio, up 438%, magazines, up 25%, and spot tv, up 22%. Outdoor dropped 42% and network tv spending fell 6%.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
M[illegible]	$11,439	$9,140
Newspaper	1,972	1,452
Newsp. supp.	1,295	860
Bus. pubs.	1,956	1,638
Network tv	67,045	70,993
Spot tv	23,596	19,270
Network radio	928	174
Spot radio	6,580	5,480
Outdoor	10	17
Network cable	1,177	1,338
Total measured	115,997	110,361
Unmeasured	130,000	123,684
Total	245,997	234,045

QUAKER OATS CO.
Merchandise Mart Plaza
Chicago, Ill. 60654
(312) 222-7111

Corporate Personnel

William D. Smithburg, chmn-ceo
Frank J. Morgan, president-coo

U.S. GROCERY PRODUCTS

Marketing Personnel

Charles E. Decker, vp-adv
J. Byron Felter, vp-sales
Max M. Lomont, vp-art & packaging
Katherine E. Smith, vp-consumer affairs

U.S. FOODS

Corporate Personnel

H.E. "Pete" Rhodes, exec vp

Marketing Personnel

Lawrence K. Hathaway, group vp-snacks, Aunt Jemima, Celeste
James R. Tindall, group vp-hot cereals, ready-to-eat cereals, corn goods
Barbara R. Allen, vp-prod mgmt, snacks
Peter J. Vitulli, vp-prod mgmt, ready-to-eat cereals
David L. Bere, dir-prod mgmt
Steven E. Simms, dir-prod mgmt
Byron D. Smith, dir-prod mgmt
Linda S. Tate, dir-prod mgmt
John A. Ball, dir-prod mgmt
Ronald B. Balsbaugh, dir-prod mgmt

DIVERSIFIED GROCERY PRODUCTS

Corporate Personnel

Douglas W. Mills, exec vp

GROCERY SPECIALTIES DIVISION

Corporate Personnel

Philip A. Marineau, president

Marketing Personnel

William D. Schmidt, dir-sports mktg
Serafino M. (Sandy) Posa, dir-prod mgmt

PET FOODS DIVISION

Corporate Personnel

Geroge J. Yapp, president

Marketing Personnel

Nancy S. Pitz, vp-prod mgmt
Michael Connelly, prod group mgr
Mark A. Shapiro, prod group mgr

FOOD SERVICE DIVISION

Corporate Personnel

Russell L. Jones, president

Marketing Personnel

John L. Patten, vp-genl mgr
Paul V. Baron, dir-mktg, food service
Robert D. Stoothoff, dir-natl sales, food service

WOLF BRAND PRODUCTS
Dallas, Tex.

Corporate Personnel

U.B. Shockley, president

Marketing Personnel

Kenneth R. Barrons, mktg dir

QUAKER OATS CO. OF CANADA LTD.

Corporate Personnel

Jon K. Grant, president

Marketing Personnel

David L. Morton, vp-mktg & sales

INTERNATIONAL GROCERY PRODUCTS

Corporate Personnel

Paul E. Price, exec vp

SPECIALTY RETAILING

Corporate Personnel

Paul E. Price, exec vp

BROOKSTONE CO.

Corporate Personnel

Douglas D. Anderson, president

JOS. A. BANK CLOTHIERS

Corporate Personnel

Leonard A. Ginsberg, president

EYELAB INC.

Corporate Personnel

Mark J. Schnarr, president

FISHER-PRICE TOYS

Corporate Personnel

R. Bruce Sampsell, president

Marketing Personnel

David B. Fisher, vp-sales & mktg

Advertising Agencies

Backer & Spielvogel, Chicago—Cap'n Crunch, Standards Oats, Instant Oatmeal, Corn Bran, Gatorade, Chewy Granola bars, new prods—Gary Bayer, president-creative dir; Dennis Roy, dir-acct mgmt.

Backer & Spielvogel, New York—Celeste pizza, new prods—G. Robert Holmen, exec vp-coo. Fisher-Price toys—Ed Keating, acct mgmt; Deborah Pawlik, acct super; Tom Blute, asst acct exec.

BBDM Advertising, Chicago—industrial cereals, Mother's Oats—Kathleen Truty, acct super.

Berry-Brown Advertising, Dallas—Wolf Brand prods, Quaker Corn Goods & Grits, Van Camp's pork & beans & specialty prods—Robert E. Berry, chmn.

Campbell-Mithun, Chicago—food service prods—Karen Smith, acct dir.

Norton Associates, Los Angeles—food service prods—Patricia Venuso, mgmt super.

Eisner & Associates, Baltimore, Md.—Jos. A. Bank Clothiers—Tom Bodiker, sr vp-mgmt super; Sid Cohen, sr vp-sr acct super; Patrice Malloy, acct exec.

Harvey Herman & Associates, New York—Eyelab, Inc.—Steve Schwartz, dir-acct sevices.

J. Walter Thompson USA, Chicago—Granola Dipps, Aunt Jemima breakfast
prods, mixes & syrup, Ken-L Ration do
foods, new prods—Bruce Beach, sr vp-grou
acct dir. Fisher-Price toys—Bruce Beac
group acct dir; Matt Kurz, acct dir; Ji
Yardley, acct super; Lorraine McGill, ac
rep.

RANK **12**

Ralston Purina Co.

St. Louis

($ in millions)

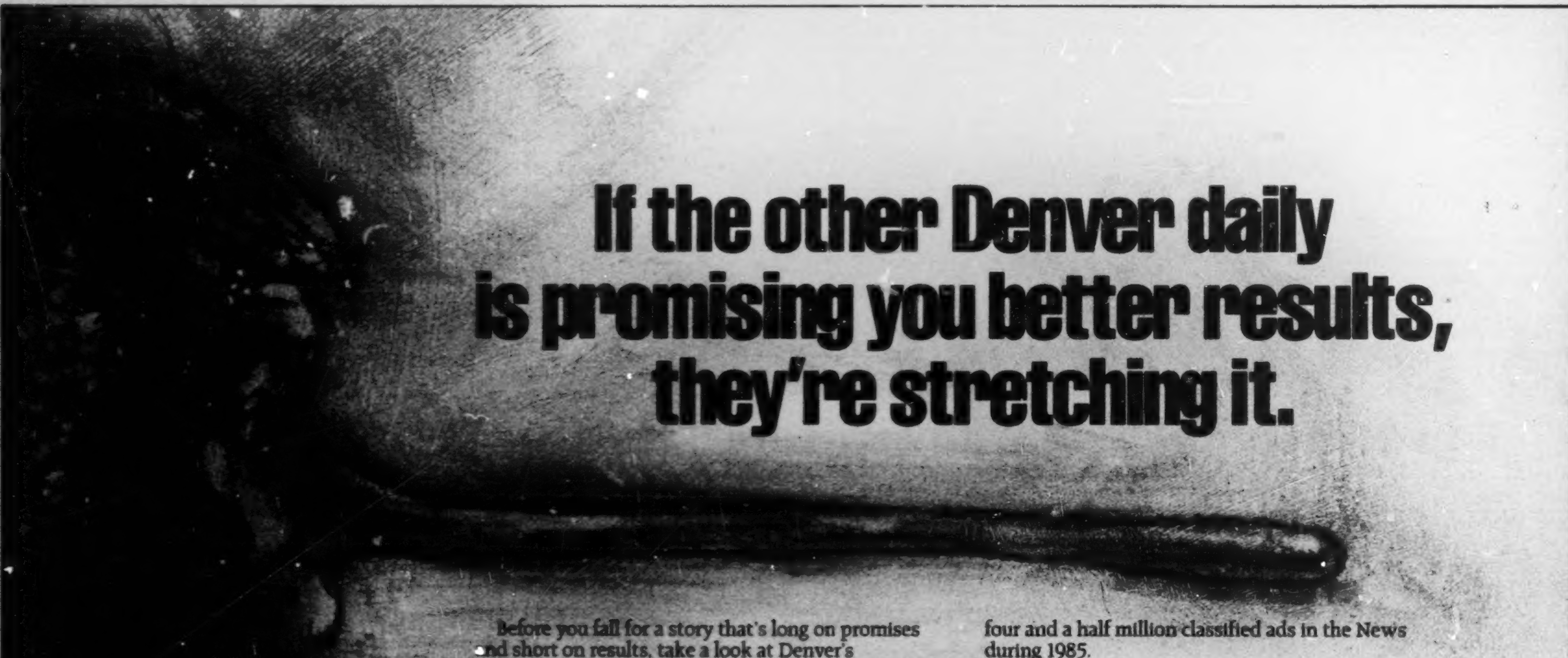
Worldwide	**1985**	**1984**	**% chg**
Sales	5,864	4,980	17.7
Net income	256	243	5.8
U.S. advertising	506	446	13.9
Division sales	**1985**	**1984**	**% chg**
Consumer prods.	3,555	[illegible]	88.4
Agricultural prods.	1,601	2,230	(28.2)
Restaurants	565	628	(10.0)
Diversified bus.	143	234	(38.9)

Ralston Purina Co. stepped up its a
spending by 24.4% in 1985 as it move
more aggressively into grocery aisl
items, such as baked goods and hous
hold batteries, and away from highl
cyclical commodities and restaurants.

Ralston, which attributed 27.1% o
its total sales and 13.4% of total ope
ating income in 1985 to animal feed
bought Eveready Battery Co. in Jul
1986, from Union Carbide whe
Eveready contributed more than $
billion in sales and pretax profit o
about $120 million.

That acquisition and the divestitu
this October of Purina Mills makes th
shift toward grocery store items an
consumer goods more complete. Sale

PRODUCT MGRS
Discreet placement of APM's thru Sr's expd in the profitable movement of nationally promoted consumer pkgd gds/services
Many openings $35-$70K Vic Kalos
SFA
SMITH'S 5TH AVENUE AGENCY
17 East 45 St., N.Y. 10017
212-682-5300


If the other Denver daily
is promising you better results,
they're stretching it.

Before you fall for a story that's long on promises and short on results, take a look at Denver's Rocky Mountain News.

We have the attention of 170,000 more weekday readers than the Post. And nearly 50,000 more readers on Sundays. With five weekday issues, the News reaches more than 1,000,000 people, attaining 57% coverage of the Denver area.

Truth is, our readers are active consumers. More than 400,000 are 25 to 49 years old and 500,000 own their home. These same readers and advertisers placed four and a half million classified ads in the News during 1985.

If you want your advertising dollars to be the only thing stretched, call the Rocky Mountain News, (303) 892-5304.

Readership	Daily	Sunday
Rocky Mountain News	**731,000**	**742,200**
Denver Post	561,000	695,000

Source: Simmons-Scarborough 1985 Newspaper Ratings Study
Office Records

Rocky Mountain News
EVERY MORNING
DENVER, COLORADO

Nobody delivers like the News.

A SCRIPPS HOWARD NEWSPAPER REPRESENTED NATIONALLY BY SAWYER-FERGUSON-WALKER COMPANY, INC.
ATLANTA • BOSTON • CHARLOTTE • CHICAGO • DALLAS • DETROIT • LOS ANGELES • MIAMI • MINNEAPOLIS • NEW YORK • PHILADELPHIA • SAN FRANCISCO

of Purina Mills, a domestic marketer of livestock and poultry feeds, to BP Nutrition Ltd., a subsidiary of British Petroleum, will bring Ralston $500 million.

Ralston's farm animal feed business in 1985, while higher in sales than Eveready, generated 60% less pretax income, representing a 19% drop from the prior year because of the continued agricultural downturn. Eveready will provide the company with an annual volume increase of about 5%, better than its existing grocery product lines and its agricultural unit.

In 1985, Ralston sold its foodservice division and soybean processing operations. Sara Lee Corp.'s Standard Meats unit, Chicago, snapped up the foodservice division while Minneapolis-based Cargill Inc. bought Ralston's soybean operations, removing Ralston from the commodities market.

In October, 1985, the company sold its restaurant division, Foodmaker Inc., San Diego, in a management buyout. Foodmaker includes 800 Jack-in-the-Box restaurants nationwide and five Monterey Jack facilities in California.

As expected, sales through the first three quarters of fiscal 1986 tumbled 11.9% to $3.91 billion from nine-month 1985 equivalents. But three-quarter profits increased a healthy 50.9% from 1985 to $298 million, almost $32 million more than profits for all of 1985.

The $1.42 billion purchase of Eveready, marketer of Eveready and Energizer household batteries, was nearly three times the $475 million Ralston spent in late 1984 to buy Continental Bakeries from ITT Corp.

Eveready and Dart & Kraft's Duracell batteries between them represent an estimated 90% of the $2.5 billion consumer battery market. Eveready and Energizer brands give the company a 60% share of the U.S. battery market and a 30% share of the worldwide market, Ralston says. Dart & Kraft's Duracell brand holds a 35% share in the U.S. and Rayovac Corp., Madison, Wis., has virtually the remainder.

As a division of Union Carbide, Eveready consumed 44% of that company's measured advertising budget. Its ad expenditures in 1985 were $27.6 million, up 24.3% from 1984.

J. Patrick Mulcahy was named chairman and ceo of Eveready Battery Co. by Ralston, a new position. He had been Ralston's vp-administration and succeeds P.J. Kennedy, who had been president of Carbide's battery business. Mr. Kennedy stays with Eveready as a consultant.

Mr. Mulcahy was involved in the acquisition of Eveready and Continental and divestment of Foodmaker. Ralston in late August picked Needham Harper Worldwide, Chicago, for the estimated $20 million Energizer account.

Previous agency was William Esty Co., New York, which had handled batteries since 1945. Esty also is losing the Eveready line to Avrett, Free & Ginsberg, New York. Avrett and Esty are being given new products.

Ralston's purchase of Continental Bakeries from ITT in late 1984 and introduction of several breakfast cereals and pet foods powered an 88.3% increase in 1985 grocery division sales to $3.6 billion. The company will add further to that with Wayne, N.J.-based Drakes Bakeries, purchased from Borden this year. Terms were not disclosed. Drake had sales of $125 million in 1985 with such products as Drake's cakes, 10 varieties of cakes similar to Continental's Hostess snack cakes.

The near doubling of grocery division sales was needed to offset lower 1985 sales in the agricultural products, restaurants and diversified businesses divisions. A stagnant farm economy, including low commodity and high feed prices, contributed to a 28.2% skid in agricultural products division sales.

Lower sales in the diversified businesses and restaurants divisions were negated somewhat by the proportionally smaller division sales levels and Ralston's sale of Foodmaker for $450 million in a leveraged buyout.

Ralston's Continental Bakeries is the nation's largest wholesale bakery with fiscal 1985 sales of $1.6 billion. A producer of well-known products—Hostess snack cakes and pies, Wonder, Home Pride and Beefsteak breads—Continental sales elevated the consumer products portion of total Ralston sales to 61%. Consumer products sales made up 78% of Ralson's operating profits.

Best known for its pet foods and cereals, Purina churned out new products but at a scaled-down pace. Its 1984 entry in the $438 million granola bar market, S'Mores Chewy granola bars, maintained its 5% to 6% market share, according to Furman Selz Mager Dietz & Birney, New York.

In 1986, it introduced Ghostbusters cereal, a presweetened rice-and-corn-based product fashioned after the 1984 movie. MCA Advertising, New York, broke the $11 million Ghostbusters campaign in February with a 30-second tv spot featuring a jingle sung to the movie theme written by Ray Parker Jr. Another licensed character cereal, Nerds, debuted in April.

Ralston maintained its 6.3% share in the over-all cold cereal market for both 1984 and 1985, ranking it fifth behind Kellogg, General Mills, General Foods and Quaker Oats. Ralston's cereal sales shifted toward more branded products and away from generic and bulk brands, of which Ralston had been a major supplier. The company's big push in licensed cereal products has given it more branded cereal sales as well.

Introduced in 1985 were a trio of licensed character cereals—Rainbow Brite, G.I. Joe Action Stars and Cabbage Patch Kids—in addition to Almond Delight cereal and three flavors of Chex snack mix.

There was little action on the pet food circuit at Ralston, which holds a 26.8% share of the $5.4 billion market, down from 27.1% in 1984. Ralston's dog food business declined to a 22.4% share of the $3.4 billion market, compared with a 23.7% share in 1984, according to Furman Selz Mager Dietz & Birney.

Measured magazine advertising rose 38.4%, representing an increase of $6 million, with nearly $2.3 million of that backing magazine spending for Happy Cat moist cat food. Measured network tv spending increased 11.7%. Ralston lost ground in the $2 billion cat food category as its share dropped to 31.6% from 33.1%.

Chicken of the Sea brand pink salmon surfaced in five test-market cities in January, backed by a $7 million campaign created by TBWA, St. Louis. The product is billed as the first canned salmon packed without skin and bones.

Ralston spending rose in all nine measured media in 1985, including a 66% increase in spot tv. The company spent $15 million on units ultimately divested, Jack-in-the-Box and Monterey Jack's restaurants. The account, worth an estimated $23 million, was moved during the year to HCM/Chicago from WRG/West, Los Angeles.

During the year, Ralston lost one of its top executives, Bill Claggett, vp-advertising, who became a partner in a media buying/consulting business.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$21,719	$16,008
Newspaper	2,345	1,770
Newsp. supp.	1,099	447
Bus. pubs.	446	275
Network tv	102,617	94,086
Spot tv	58,471	48,848
Network radio	1,408	232
Spot radio	6,902	9,617
Outdoor	1,047	1,153
Network cable	2,550	2,131
Farm pubs.	1,624	1,282
Total measured	200,226	175,847
Unmeasured	308,139	270,621
Total	508,365	446,468

Top 25 network cable advertisers

Rank	Advertiser	Network cable ad expenditures 1985	1984	% chng	as % of co.'s 1985 ad total
1	Procter & Gamble	$31,404	$25,112	25.1	2.0
2	Philip Morris Cos.	21,261	14,811	43.5	1.5
3	Anheuser-Busch Cos.	16,395	15,478	5.9	3.1
4	Time Inc.	12,825	7,192	78.3	8.2
5	General Mills	12,792	11,339	12.8	2.6
6	Mars Inc.	11,605	851	1,263.7	4.2
7	RJR/Nabisco	8,736	2,556	241.8	0.8
8	Thompson Medical Co.	6,494	4,456	45.8	N/A
9	Ford Motor Co.	6,068	6,892	(12.0)	1.0
10	Chrysler Corp.	5,126	2,327	120.3	1.3
11	Kellogg Co.	4,725	3,594	31.5	1.3
12	General Motors Corp.	4,724	3,157	49.6	0.6
13	American Home Products Corp.	4,720	3,352	40.8	1.2
14	Delta Air Lines	4,715	296	1,492.8	5.0
15	Warner Communications	4,537	1,069	324.4	3.7
16	PepsiCo Inc.	4,515	1,323	241.3	0.9
17	Bristol-Myers Co.	4,456	6,242	(28.6)	1.3
18	Levi Strauss & Co.	4,437	1,529	191.9	N/A
19	Coca-Cola Co.	4,375	2,756	58.7	1.1
20	Toyota Motor Corp.	4,349	5,391	(19.3)	2.5
21	Sears, Roebuck & Co.	4,340	3,120	39.1	0.5
22	Dow Jones & Co.	4,239	1,070	296.2	N/A
23	Honda Motor Co.	4,210	1,157	263.8	2.7
24	Clorox Co.	4,144	2,813	47.3	3.9
25	American Telephone & Telegraph Co.	3,696	3,457	6.9	0.7

NOTE: Dollars in thousands. Source: Broadcast Advertisers Reports as reported by Leading National Advertisers

RALSTON PURINA CO.
835 S. 8th St.
St. Louis, Mo. 63164
(314) 982-1000

GROCERY PRODUCTS

Corporate Personnel

W.P. McGinnis, exec vp
P.M. Grieve, exec vp-dir, Ralston Purina grocery prods, Canada

Marketing Personnel

T.E. Touhill, vp-dir, mktg, cat food group
T.E. Block, vp-dir, mktg, dry dog food group
J.A. Nichols, vp-dir, mktg, branded cereal group

Advertising Agencies

Avrett, Free & Ginsberg, New York—Kitten Chow, Cat Chow, Sun-Maid instant hot cereal, new prods—Jack Avrett, president; Norman Sherman, sr vp, dir-client services.

Della Femina, Travisano & Partners, New York—Meow Mix cat food—Matthew Mansfield, vp-mgmt super; Ken Gilbert, acct super.

Gardner Advertising Co., St. Louis—Puppy Chow, Fit & Trim, Alley Cat—John Fox, sr vp-acct dir. Rainbow Brite—Doug Hermann, sr vp. Bonz dog snacks—Jim Lucas, vp-acct dir. Sea Dog—Nancy Winchester, acct exec.

MCA Advertising, New York—Mainstay dog food, Purina Hi-Pro dog meal, Ghostbusters cereal, S'mores Chewy granola bars, new prods—Warren Dechter, exec vp.

Tatham-Laird & Kudner, Chicago—Happy Cat cat food, Top Secret cat litter deodorizer, Sunflakes, new prods—John Wells, sr partner, group acct dir.

TBWA Advertising, New York & St. Louis—Chicken of the Sea tuna, pink salmon, Waggles dog snacks, Cracker Jack cereal, new prods—Bill Oakley, genl mgr, St. Louis. Chicken of the Sea—Art Gramer, mgmt super; Becky Burnett, acct exec. Waggles—Mark Polan, mgmt super; Maria Beltrametti, acct dir. Cracker Jack—Mark Polan, mgmt super; Jim Callahan, acct exec.

Don Tennant Co., Chicago—Praise dog food, Thrive cat foods, Cookie Crisp, new prods—Uwe Wende, mgmt super; Guy Bentivenga, mgmt super.

Wells, Rich, Greene, New York—Purina Dog Chow, Butcher's Blend, Moist & Chunky dog foods, Tender Vittles cat food, Chex cereals, new prods—Jim Weinstein, sr vp-acct group head.

PURINA MILLS
CHOW

Marketing Personnel

B.M. Lutz, vp-dir, mktg & rsch

Advertising Agencies

BFV&L Advertising, St. Louis—health industries—Tom Birkenmeier, mgmt rep.

(In-house) Checkerboard Advertising Co., St. Louis—special projects—G.C. Cook, dir, Checkerboard mktg.

Fletcher/Mayo, St. Joseph, Mo.—mineral business, animal nutrition—Ed Clement, acct super.

Valentine Radford, Kansas City—dealer adv—Alan McClure, acct super.

RALSTON PURINA
INTERNATIONAL

Corporate Personnel

P.H. Hatfield, president
C.E. Scott, president-ceo, Ralston Purina, Canada
D.A. Mefford, vp-managing dir, Agri-prod Europe/Asia Pacific, Andean, sales, mktg, mfg & engineering
R.N. Morrow, vp-managing dir, Mexican div
L.A. Van Houten, vp-managing dir, South & Central American div
R.M. Moeller, president, Ralston Purina International devel company, Hong Kong

Marketing Personnel

R.A. Green, vp-dir, mktg, Ralston Purina International

DIVERSIFIED BUSINESSES
DIVISION

Corporate Personnel

P.H. Hatfield, president
A.C. Edwards, vp-managing dir, protein div

Marketing Personnel

J.V. Heinz, dir-sales, processed meats
R.M. Moeller, vp-dir, mkt, protein div

KEYSTONE

Corporate Personnel

F.J. Corwell, vp-dir, business devel
J.D. Jones, president, Keystone Resort
T.R. Shipman, president-Keystone Resort's mgmt
W.D. Hanisch, vp-human resources & admin

Advertising Agencies

(In-house) Checkerboard Advertising Co., St. Louis—media for Keystone.

Heckler Associates, Seattle—Keystone—Terry Heckler, president.

CONTINENTAL BAKING CO.
Rye, N.Y.

Corporate Personnel

J.W. Brown, chmn-ceo

Marketing Personnel

M.S. Herrick, corp vp-dir mktg
R.R. Norris, vp-cake mgmt

Advertising Agencies

Ted Bates Advertising/New York—Hostess Snacks, Home Pride bread, new prods—Lawrence Epting, acct group dir.

Grey Advertising, New York—Beef Steak Rye bread, Town Talk breads—Robert Schoenfein, exec vp-mgmt rep.

Tatham-Laird & Kudner, Chicago—Wonder Bread—Dawn Hudson, mgmt super.

EVEREADY BATTERY CO.
Danbury, Conn.

Marketing Personnel

G.D. Klein, mktg mgr-adv

Advertising Agency

Needham, Harper Worldwide, Chicago

RANK **60**

Revlon Group

Pompano Beach, Fla.

($ in millions)

Worldwide	1985	1984	% chg
Sales	2,120	N/A	N/A
Net income	N/A	N/A	N/A
U.S.	**1985**	**1984**	**% chg**
Sales	1,830	N/A	N/A
Operating profits	N/A	N/A	N/A
Advertising	147	198	(25.6)
Division sales	**1985**	**1984**	**% chg**
Beauty	1,100	N/A	N/A
Pantry Pride	770	N/A	N/A
Vision care	250	N/A	N/A

A change in ownership at Revlon and the sale of assets to pay off debt incurred by its new owner have left the once-diversified Revlon a shadow of its former self.

Now called the Revlon Group after its merger with Pantry Pride, Revlon consists of only the beauty products group and vision care segment of the former company. Gone are the ethical pharmaceutical and diagnostic health services businesses that contributed nearly 45%, or about $1.08 billion, to total sales in 1984.

The company's beauty products segment, still intact and carrying the classic Revlon line and the prestige lines, Ultima II and Princess Marcella Borghese, is expected to grow to $1.2 billion in worldwide sales in 1986, or 9% above 1984 levels, when segment sales were last reported.

That growth will come from an emphasis on new packaging and new products in the segment and perhaps from a continued presence in department stores if the decision by Revlon's new president, Sol Levine, pans out to reestablish Revlon's image by emphasizing Revlon's Institut Jeanne Gatineau treatment line.

Mr. Levine is reversing a decision made before the November, 1985, acquisition to phase out classic Revlon products from department stores.

Pantry Pride, a Fort Lauderdale, Fla.-based operator of supermarkets and retail stores, purchased Revlon for its beauty business, which in 1984 accounted for nearly half of the company's sales and one-third of its operating income. The optical portion of the business accounted for 9.4% of Revlon's sales volume.

Advertising Age estimates over-all sales of Revlon Group to be $2.12 billion, based on contributions of $770 million from Pantry Pride's stores and $1.35 billion from Revlon's beauty and vision care business. The estimate from Revlon assumes an 11% growth for vision care and no growth in beauty products.

Revlon's beauty business has been flat for the past five years, an incentive for its new owners to build the beauty business through acquisition. In early August, 1986, Revlon Group agreed to buy Max Factor, Almay and Halston for $375 million from Beatrice Cos.' International Playtex when the group separated from Beatrice in a $1 billion buyout. Max Factor, a declining brand stateside with about 3% supermarket sales, less than half its share six years ago, has good distribution abroad, which should help Revlon. International sales of the group have been sliding since the early 1980s.

During calendar 1985, Revlon supported its namesake mass-market lines with $35 million in measured media support. Top competitors Schering-Plough's Maybelline and Noxell Corp.'s Cover Girl outspent Revlon with $42 million and $43 million, respectively, in measured media allotment, according to Leading National Advertisers, which monitors ad spending in seven media.

At the end of the first nine months of 1985, Revlon's share of the market amounted to 19.4% in dollars, tying with top-ranking Maybelline and followed closely by Cover Girl with a 17% dollar share. Revlon, however, was outpaced in unit sales by both Maybelline (20.9%) and Cover Girl (17.6%) during the same period, according to Robert W. Kirkpatrick, Jr., senior vp with the investment research company of Duff & Phelps, Chicago.

Revlon gave its largest product support to the eye makeup category. Revlon's mascaras, eye shadows and eyeliner products all mustered about a 4.6% to 4.7% share of supermarket dollars in 1985, according to Diana Temple, analyst with Salomon Brothers. Maybelline led all three categories with a 53.7% share of mascara sales, 39% of the eyeliner category, and 54.2% of the eye shadow segment in supermarket dollar volume. Second-ranking player was Cover Girl in all three categories, and Revlon came in a distant third.

Special Eyes mascara was introduced to the public in February 1986, targeted at the growing sensitivity-conscious women's market. Reformulation and repackaging highlighted Revlon's line of nail enamels under the Creme and Crystalline names in August, 1985. A more dramatic gold and black color scheme replaced the clear bottle with white tips. Revlon holds a 9.7% share of the supermarket sales in nail polish. Top-ranking Cover Girl, with a 28.6% share is followed by Cutex, at 14.2%, and Maybelline ranks third to Revlon's fourth, with an 11.3% share. Supermarket sales account for a much larger portion of Cover Girl's business, 30%, while other mass marketers' supermarket sales account for an average of 15% of total supermarket cosmetics sales volume.

In June, 1986, Revlon relaunched its Natural Wonder cosmetics line, with new packaging, new pricing and new formulations. Natural Wonder line was reassigned from Grey Advertising, New York, to Bozell Jacobs, Kenyon & Eckhardt, New York, which also inherited the classic Revlon line.

Intimate Musk fragrance was introduced in March, 1986, and Charlie Go Lightly, a bath and body line that will compete against the Jean Nate brand, was launched in May. Both the new fragrance and the Charlie extensions are handled by Revlon's in-house agency, the 50th Floor Workshop.

The Charlie line also extended its fragrance offerings as floral, musk and herbal versions of Charlie debuted in October, 1985, under the Charlie Naturals name. The three new fragrances were supported by print advertising from Scali, McCabe, Sloves. The Charlie line received more than $4 million in measured backing last year, with $1 million supporting the Charlie Naturals additions.

Additional fragrance activity occurred at the prestige level as Ultima II last summer unveiled its first new fragrance in seven years, Maroc. Maroc's advertising is handled by 50th Floor Workshop. Ultima II also introduced Pro-Collagen Anti-Aging Complex for face and throat and a creme companion product, Pro-Collagen Anti-Aging Complex for Eyes. Ultima II's color cosmetics scheme for the fall is called Modern Art. Classic Revlon's fall color choices are being promoted as "Wall Street Violets."

Revlon's mass market perfume entry, Scoundrel, received $1.6 million in media backing, compared with $2.5 million in 1984, despite the addition of a line extension, a musk-scented version of Scoundrel, in 1985.

A flurry of activity occurred in the shampoo products area, particularly in the Flex line, while HDR (Hair's Daily Requirement) shampoo, which had been backed by more than $10 million in advertising in 1984, received no media support in 1985. It dropped to a 0.7% market share at the start of last year.

On the other hand, Flex was supported by $5.4 million in advertising, compared with $6.8 million in 1984. Flex introduced its value-priced mousse product in the second quarter of 1985. In the fall, a second mousse product, one with dandruff-control properties, was introduced to the market with promotion targeted to both the women's and men's markets. Flex dandruff-control styling mousse appeared with a companion shampoo product, a new Flex Medicated Anti-dandruff Shampoo. Grey Advertising handles the Flex line.

A third mousse entry came onto the market through Revlon's salon-based Roux division to join a new category, mousses that provide temporary hair coloring. Roux's Fanciful color mousse joined the $150 million-plus mousse category.

Another new Flex entry, a three-product line called Flex Sun and Sport Haircare system, came on the market in March of this year. The brightly packaged Sun and Sport trio includes a shampoo, conditioner and mousse for the outdoor-oriented man or woman and was promoted via tv, print, coupons and sampling. A $5 million promotion in the fall of 1985 teamed Flex with American Motors' Renault autos for a "Flex/Renault Wind in Your Hair" sweepstakes effort from Grey Advertising.

Magazines received more than $23 million of Revlon's advertising dollars, close on the heels of network tv expenditures. Magazines are reported to become an even more significant factor in Revlon's 1986 ad budget.

Over-all, Revlon's media spending declined more than 25% compared with 1984 and is expected to drop even further as big-spending products, like Tums antacid and Oxy 10, passed to Beecham with the sale of Revlon's Norcliff-Thayer unit. In 1984, Tums received more than $7.3 million in media advertising and Oxy 10 got $4.1 million.

With such change going on at Revlon, restructuring of management and personnel cuts are a foregone conclusion. At the top, Ronald O. Perelman, 42, chairman and ceo of Pantry Pride Inc., succeeded Revlon chairman Michel C. Bergerac as chairman and ceo. Mr. Bergerac left Revlon with a so-called "golden parachute" worth a reported $35 million. The 54-year-old former Revlon exec had served as Revlon's chairman for 11 years, during which time Revlon was transformed from a beauty company to a health care concern with diversified businesses totaling $2.4 billion in sales in 1984.

Lawrence Wechsler became the president of the Revlon Beauty Group, after having served as president of Revlon's Group III (prestige products, treatment brands, fine fragrances). He replaces Paul Willard, who left the company. Roy Stephens assumed the presidency of Group III, which was vacated by Mr. Wechsler's promotion. Neil Katz became president of Revlon's Group II (haircare, antiperspirants, skin cleansers), replacing Harvey Schwartz, who retired. Group I contains popularly priced cosmetics, nail enamels and fragrances.

Pantry Pride paid an estimated $2.7 billion for Revlon, including debt interest and other expenses. It was a $750 million company before the takeover. Revlon fought the takeover and took steps to merge with a friendly suitor, Forstmann Little & Co., and sell its beauty unit for $905 million to Adler & Shaykin, a New York investment firm, until a Delaware court nullified the plan. Forstmann received a $20 million reimbursement in return for dropping its claims.

A battle continues in a Delaware court with Adler & Shaykin, which contends Revlon is obligated to honor the contract terms reached with A&S before the takeover.

Without admitting or denying any wrongdoing, Revlon in June settled

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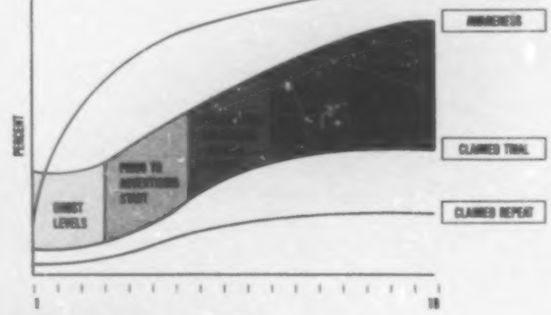

Burke Marketing Services, Inc.
A subsidiary of Selling Areas-Marketing, Inc.
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Phone (513) 381-8898

Offices also in Westport, Philadelphia, Atlanta, Louisville, Burke Detroit, Chicago, Dallas, Los Angeles, San Francisco, Toronto.

charges filed by the SEC for its failure to disclose in a timely manner its negotiations with the "white knights" when faced with the Pantry Pride buyout.

It was the beauty business that first attracted Pantry Pride's attention and is the part of the business that the new company hopes to expand. In April, 1986, this commitment to the Revlon name was reiterated when Pantry Pride changed the name to Revlon Group. The next task facing Revlon's new owner was to recoup the debt incurred from the sale.

Divestiture marked the path. Two Revlon units—the Norcliff-Thayer division and Reheis Chemical—were sold for $395 million to Beecham Holdings, London, last December. Beecham reportedly plans to sell Reheis.

Revlon's ethical-drug businesses—USV Pharmaceutical Corp., International Pharmaceuticals, Meloy Laboratories and Armour Pharmaceutical Co., with combined sales expected to reach $1 billion in 1985—were sold to Rorer Group of Fort Washington, Pa., for $690 million.

Technicon Corp., Revlon's diagnostic equipment subsidiary, was sold in the second quarter of this year for $300 million in cash and preferred stock to Cooper Development Co., Palo Alto, Cal. Technicon's subsidiary, Technicon Data Systems Corp., was sold separately in a leveraged buyout to an investor group led by John J. Whitehead and Edwin C. Whitehead, both members of Technicon Data Systems management. The sale of the various subsidiaries has reduced Pantry Pride's debt by more than $1.3 billion.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$23,089	$19,964
Newspaper	0	653
Newsp. supp.	1,207	1,051
Bus. pubs.	0	130
Network tv	24,191	35,565
Spot tv	6,597	17,691
Network radio	1,579	1,154
Spot radio	799	1,427
Outdoor	3	117
Network cable	777	517
Total measured	58,242	78,268
Unmeasured	88,973	119,566
Total	147,215	197,834

REVLON GROUP
767 5th Ave.
New York, N.Y. 10022
(212) 572-5000

Corporate Personnel

Ronald O. Perelman, chmn & ceo
Howard Gittis, vice chmn
Sol Levine, president
Lawrence Wechsler, president, Revlon Beauty Group

Marketing Personnel

George W. Feld, vp-adv services
Richard Kressler, adv dir
Stephen Gebb, adv dir
Anthony Cozzolino, budget media dir
Benjamin Sottile, president, Group I
Paul Bloch, sr vp-mktg, Group I
Neil Katz, president, Group II
Roy Stephens, president, Group III

Advertising Agencies

(In-house) 50th Floor Workshop—Revlon lipstick, nail enamel & face makeup, Chaz, Ultima II, Ciara, Norell, Princess Marcella Borghese, Bill Blass—Martin Stevens, sr vp-creative services; George W. Feld, vp-adv services; Rita Grisman, vp-creative dir.

Bozell, Jacobs, Kenyon & Eckhardt, New York, Classic Revlon, Natural Wonder.

Grey Advertising, New York—Flex, Jontue, Scoundrel, Eterna 27, intl adv—Robert Zimmern, exec vp.

Scali, McCabe, Sloves, New York—Charlie, Mitchum—Lucy Rogenstein, acct super.

PROFESSIONAL PRODUCTS GROUP
Jacksonville, Fla.

Corporate Personnel

Irving J. Bottner, president
Robert Crane, sr vp

Marketing Personnel

Andrew Roberts, vp-creative services

Advertising Agency

Merchandising Workshop, New York—Joanie Curcio, sr vp.

BARNES-HIND/HYDROCURVE
Sunnyvale, Cal.

Corporate Personnel

Kevin J. Ryan, president
Richard Wright, exec vp

Marketing Personnel

George McCrary, vp-mktg
Robert Pace, vp-sales

Advertising Agencies

Grey Advertising, New York—extended wear contact lenses & contact lens solution prods—Mike Ouimette, William Deval, vps-acct supers.

Zechman & Associates, Chicago—specialist prods—Bud Davis, vp-acct services.

NATIONAL HEALTH LABORATORIES
San Diego, Cal.

Corporate Personnel

Robert E. Draper, president

Advertising Agency

(In-house).

RANK
3

RJR/ Nabisco

Winston-Salem, N.C

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	16,595	12,974	27.9
Net income	1,100	843	30.5
U.S.	**1985**	**1984**	**% chg**
Sales	12,557	10,216	22.9
Operating profits	1,848	1,444	28.0
Advertising	1,093	1,181	(7.5)
Division sales	**1985**	**1984**	**% chg**
Tobacco	8,062	7,845	2.8
Food, beverages	8,533	5,129	66.4

Last year R.J. Reynolds Industries was the first to set off a round of mega-sized package goods company mergers with the acquisition of Nabisco Brands, East Hanover, N.J., for $4.9 billion in cash, notes and stock. It was the largest non-oil-industry merger in history until General Motors bought Hughes Aircraft for $5 billion.

The merger made RJR the largest American advertiser for several weeks, with total advertising and promotional expenditures exceeding $1 billion—the first time any company had exceeded that mark. It lost its No. 1 spot several weeks later when perennial advertising leader Procter & Gamble acquired Richardson-Vicks and Philip Morris acquired General Foods.

In the meantime, RJR Nabisco has been selling properties that do not meet its growth potential. In 1986, the company sold its Canada Dry and Sunkist soft drink units to Cadbury Schweppes, Kentucky Fried Chicken to PepsiCo and the Del Monte frozen food business to ConAgra.

After the merger, the company, renamed RJR Nabisco, was restructured slightly with RJR's Del Monte Corp. subsidiary coming under Nabisco Brands' management and Nabisco's All Brand Importers falling under RJR's Heublein management.

With the acquisition of Nabisco Brands, RJR's 1985 nontobacco sales slightly exceeded its tobacco sales for the first time. However, the company's earnings from tobacco operations would make up 58% of RJR's earnings if profit figures for Nabisco Brands were included for all of 1985.

Worldwide sales increased in 1985 by 27.9%. Net income from continuing operations increased 18.7% to $1 billion, although actual earnings, also $1 billion, decreased 17.3%. The decline in earnings was traced to the sale of RJR's energy business and transportation operations in 1984.

Measured advertising expenditures for 1985 decreased by $50 million, with most of the decline in newspaper and magazine buys.

R.J. Reynolds Tobacco Co. remained the No. 2 cigaret marketer in the country with a 32% market share, behind leader Philip Morris. This represents a 0.4 share point increase over 1984. Reynolds, Philip Morris and Brown & Williamson Tobacco Co. were the only cigaret marketers to post share increases.

Reynolds' combined domestic and international tobacco earnings from continuing operations rose 14% to $1.48 billion on a modest 2.8% sales growth. Operating income from tobacco represents 66% of total earnings from continuing operations while sales from the tobacco unit represented 49% of total sales.

None of Reynolds' major brands, however, scored share increases in 1985, with flagship Winston recording the largest drop in market share of the company's best selling brands. Winston's share of the over-all market dropped from 12% to 11.5%. Reynolds spent $48.5 million in measured advertising for its Winston line, up about 50%, according to seven-media Leading National Advertisers measurements. Winston commanded 7.4% of RJR Nabisco's total ad spending.

Salem, the nation's leading menthol brand, retained an 8.1% share of the market in 1985. Ad spending for Salem was $36 million, up 16%, according to Leading National Advertisers.

Reynolds' other two brands in the nation's top 10, Camel and Vantage, saw modest share decreases to 4.3% and 3.4%, respectively. RJR spent nearly $34 million on Camel, down 8%, and $39 million on Vantage, down 10.6%.

In March, 1985, Reynolds introduced Ritz, a 100mm, low-tar regular and menthol cigaret carrying the Yves St. Laurent logo, in selected test markets around the country. Despite achieving market shares lower than many analysts believed necessary to roll national, Reynolds did so in April, 1986, billing it as the first designer cigaret.

In two of the cigaret's test markets, Reynolds tried selling it at 10¢ more a pack than other brands. However, the premium price was soon dropped.

Leber Katz Partners, New York, handles the new cigaret, which is targeted for fashion-conscious females and carries the YSL logo on packaging and on its filter barrels. RJR spent $2.6 million in measured advertising for the new cigaret.

Reynolds settled a trademark infringement suit filed by the owners of the Ritz Hotel in Paris over the use of the Ritz name before the cigaret rolled national. Terms of the settlement were not disclosed.

In the price value segment of the domestic cigaret market, RJR commands a 24.9% share. Reynold's two leading value brands are Doral and Century.

Doral, the country's first branded cigaret that sells at prices competitive with those of generic brands, attained a 1.3% share of the market in 1985, representing about $195 million in annual sales. Doral is priced about 20¢ a pack less than traditional brands.

Reynolds' other entry into the price-value segment of the domestic market, Century 25's, offers smokers 25 cigarets at the same suggested retail price as traditional 20 packs. The two price-value cigarets give RJR a 24.9% share of that market.

In November, RJR discontinued sales of its chewing tobaccos and six of its minor smoking tobacco products. The brands accounted for less than 1% of company sales.

RJR began initial production at its 2 million-sq.-ft. Tobaccoville, N.C., manufacturing complex in January, 1986. The company hopes the plant will be fully operational in late 1987.

RJR's food and beverage operating income increased 97% to $763 million on sales of $8.5 billion, up 66%. The sharp increase is a result of including Nabisco Brands sales and earnings figures from July 2. Nabisco achieved a 12% increase in earnings from continuing operations in 1985 on sales that increased 2% from 1984.

The food and beverage division has gone through considerable upheaval since the first of the year. In the food sector, the company sold Kentucky Fried Chicken to PepsiCo for $850 million and the frozen food sector of Del Monte to ConAgra. In beverages, RJR Nabisco sold Canada Dry and Sunkist to Cadbury Schweppes for $230 million, leaving the division with Nabisco Brands, much of Del Monte Corp. still intact and Heublein Inc.

As of July, the company had introduced 39 new products since January, 1985—22 in 1985 and 17 in 1986. Among these introductions were Oreo Mint Cremes, Blueberry Newtons, several styles of Almost Home cookies, Nabisco Shredded Wheat 'n Bran and Planters honey roasted nuts.

Combined advertising spending for Nabisco crackers, including Premium Saltines, Ritz and Wheat Thins, amounted to $19.2 million, even with 1984. Spending for Nabisco cookies was $32.7 million, up 17.2%

In order to increase sales of Almost Home cookies, the leader in the soft-cookie market, Nabisco began airing 30-second network tv spots to promote the cookies, now with new ingredients. Nabisco's Almost Home enjoys about 37% of the sagging $560 million soft-cookie market and about 15% of the total cookie market, but faces stiff competition in soft cookies from Procter & Gamble's Duncan Hines (28% share) and Keebler's Soft Batch (27.6%).

Dancer Fitzgerald Sample, New York, produced the campaign, themed, "So good, you can almost taste the recipe."

In the summer of 1985, Nabisco broke a $25 million campaign to introduce nationally its new Blue Bonnet Butter Blend. The company decided to invest heavily in the new product because of favorable results in three test markets where the product was sold without advertising. Measured spending for Blue Bonnet products in 1985 was $2.1 million and for Fleischmann's products, $7.8 million. Fleischmann's North American yeast and commercial vinegar operations

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WCFT-TV, CBS, Tuscaloosa, AL

Represented by Katz Continental

Source: 1985 Survey of Buying Power

were sold in May, 1986, to Burns, Philp & Co. Ltd. of Sydney, Australia.

Canada Dry made an attempt earlier this year, through new products and a new ad campaign, to compete against the soft drink leaders, Coca-Cola and Pepsi-Cola. Spending for Canada Dry last year amounted to $12.3 million while spending for Sunkist was $7.2 million. Together, the two accounted for 4.6% of the total soft drink market in 1985, with Sunkist accounting for only 2% of the market's citrus-flavored sector.

Analysts say RJR sold the soft drinks in order to keep with its strategy, developed after its Nabisco acquisition, of selling companies that do not meet its growth plans.

As a result of mergers among leading ad agencies, RJR shifted several of its accounts to other agencies, in some cases dropping agencies that had been with the company for more than 30 years.

RJR pulled accounts worth $96 million from William Esty Co. after that company's parent, Ted Bates Worldwide, merged with Saatchi & Saatchi, which services many of RJR's rivals. Additionally, after the announced creation of the Omnicom Group, involving BBDO International, Doyle Dane Bernbach and Needham Harper Worldwide, RJR shifted several accounts from DDB.

RJR's Salem line, an estimated $50 million account, was moved from Esty to FCB/Leber Katz Partners, which has handled other Reynolds cigarets for some time. Esty also lost Nabisco's Milk Bone and Butcher Bones dog biscuits business to FCB/LKP, an estimated $31.8 million in Nabisco cookie business to DFS-Dorland Worldwide, and Nabisco's Premium Saltines and Ritz crackers business to McCann-Erickson.

After the Omnicom announcement, RJR shifted its estimated $22 million hot and cold cereal and dessert business to FCB/LKP from DDB. DDB also lost RJR's $10 million Blue Bonnet and Fleischmann's margarine accounts to Tatham-Laird & Kudner, Chicago. Needham Harper Worldwide, which is merging with DDB, handles Kraft's Parkay margarine, a major competitor of Blue Bonnet and Fleischmann's. Needham also handles General Mills' Wheaties cereal, which competes with Nabisco's Shredded Wheat.

Additionally, in a move unrelated to the agency mergers, RJR in January shifted an estimated $40 million in network broadcast media buying responsibilities from Young & Rubicam to Ohlmeyer Communications, later creating a new unit called RJR/Nabisco Broadcast, headed by Peter Chrisanthopolous. The shift means RJR now controls all of its $135 million in measured and unmeasured network spending since Reynolds acquired a 50% interest in Ohlmeyer when it bought Nabisco. Having already established an in-house print and outdoor buying unit, Reynolds only uses agency media capabilities for spot broadcast buying, which has remained at Lowe Marschalk.

In spring 1986, Reynolds sold its interest in Ohlmeyer Advertising to Interpublic Group of Cos.' McCann-Erickson.

F. Ross Johnson, president of RJR Nabisco, has been named chief executive succeeding J. Tylee Wilson. Mr. Wilson will continue as chairman until he takes early retirement in 1988.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$164,137	$204,885
Newspaper	73,321	107,456
Newsp. supp.	35,898	39,866
Bus. pubs.	1,835	2,566
Network tv	179,254	173,543
Spot tv	81,686	82,335
Network radio	9,334	4,938
Spot radio	7,935	5,116
Outdoor	95,239	87,085
Network cable	8,736	2,556
Total measured	657,375	710,345
Unmeasured	435,625	470,727
Total	1,093,000	1,181,072

RJR NABISCO

Winston-Salem, N.C. 2[illegible]102

(919) 773-2000

R.J. REYNOLDS TOBACCO CO.

Corporate Personnel

G.H. Long, president-ceo

Marketing Personnel

M.L. Orlowsky, exec vp-sales & mktg
R.A. Kampe, sr vp-mktg
D.B. Fishel, vp-pr
Jerry McKenna, vp-mktg planning
John Winebrenner, vp-brand mgmt
Richard Sanders, mktg dir
John Herberger, mktg dir
David Iauco, mktg dir
George Baroody, group dir-mktg services
Al Barnett, dir-sales promo
Dan Pearson, dir-media
Larry Hall, vp-mktg devel

Advertising Agencies

Leber Katz Partners, New York—Salem, Vantage, Ritz—Stanley H. Katz, chmn; Robert T. Hirsch, exec vp-mgmt rep; Andrew C. Millar, Angelika Adler, Janice C. Lee, vps-mgmt supers; Alexander Mohtares, Jack Silverman, sr vps-exec creative dirs.

Long, Haymes & Carr, Winston-Salem, N.C.—Doral—Donald N. Adams, exec vp-mgmt super; Rob Austin, vp-mgmt super; Francie Thompson, acct super; Bob Graham, exec vp-creative services.

McCann-Erickson, New York—Camel, Winston—Greg Bathon, exec vp; Simon Marlow, Bob Dunn, sr vps-mgmt reps; Barry Schwieg, David Matthews, acct supers; Lonnie Soury, Dave Pastore, acct execs; Bob Hiller, acct super, promo; Tim Shortt, sr vp-assoc creative dir; Bob Summers, Mike Koulermos, vps-dirs of creative services.

Tatham-Laird & Kudner, Chicago—Century—Charlotte Beers, managing partner-ceo; William Youngclaus, managing partner-coo; Robert Hielscher, sr partner; James R. Hill, mgmt super; Richard Everett, acct super.

Young & Rubicam, New York—More, NOW—John Glorieux, exec vp-dir client services; Jane Brite, sr vp-group dir; Jordan Stanley, vp-mgmt super.

R.J. REYNOLDS TOBACCO INTERNATIONAL

Corporate Personnel

Lester W. Pullen, chmn, ceo
Dale F. Sisel, president
Rouben V. Chakalian, exec vp

Marketing Personnel

Peter J. Hoult, sr vp-mktg
G.E. Harlow, dir-mktg
Ron Field, dir-pr

Advertising Agencies

McCann-Erickson, New York and international affiliates—Camel worldwide.

Other brands handled through a variety of agency assignments country by country.

DEL MONTE USA

San Francisco, Cal.

Corporate Personnel

Fernando Gumucio, president
John Polychron, president-ceo, fresh fruit

Marketing Personnel

Ewan MacDonald, sr vp-mktg
Ben Klein, sr vp-mktg, fresh fruit
G.F. Norwood, vp-mktg, fresh fruit
Stephan Rothchild, vp-dir vegtables & tomato prods
Richard Lynch, vp-mktg, seasonal prods
Skip Ballew, dir-consumer promos
Gordon Chapple, dir-mktg fruits & pineapple
Ted Taft, dir-mktg, beverage & formulated prods
Dee Ann Campbell, dir-creative services
Kristi Outzen, mgr-adv services

Advertising Agencies

Lowe Marschalk, New York—A.1. Steak Sauce, Grey Poupon dijon mustard, Chun King—Dan Cohen, mgmt service dir; John Most, mgmt super.

McCann-Erickson, San Francisco—canned fruits & vegetables, Del Monte juices, fruit snacks, tomato prods, pickles & relishes, fresh fruit—Arkie Koehl, Walter Menzel, sr vps-mgmt supers.

HEUBLEIN INC.

Farmington, Conn.

Corporate Personnel

John A. Powers, chmn-ceo
Robert M. Furek, president-coo
Frank McCarthy, president-ceo, Palace Brands
Dennis Delaney, president, intl vintage wine
John J. Kucich, president, All Brand Importers

Marketing Personnel

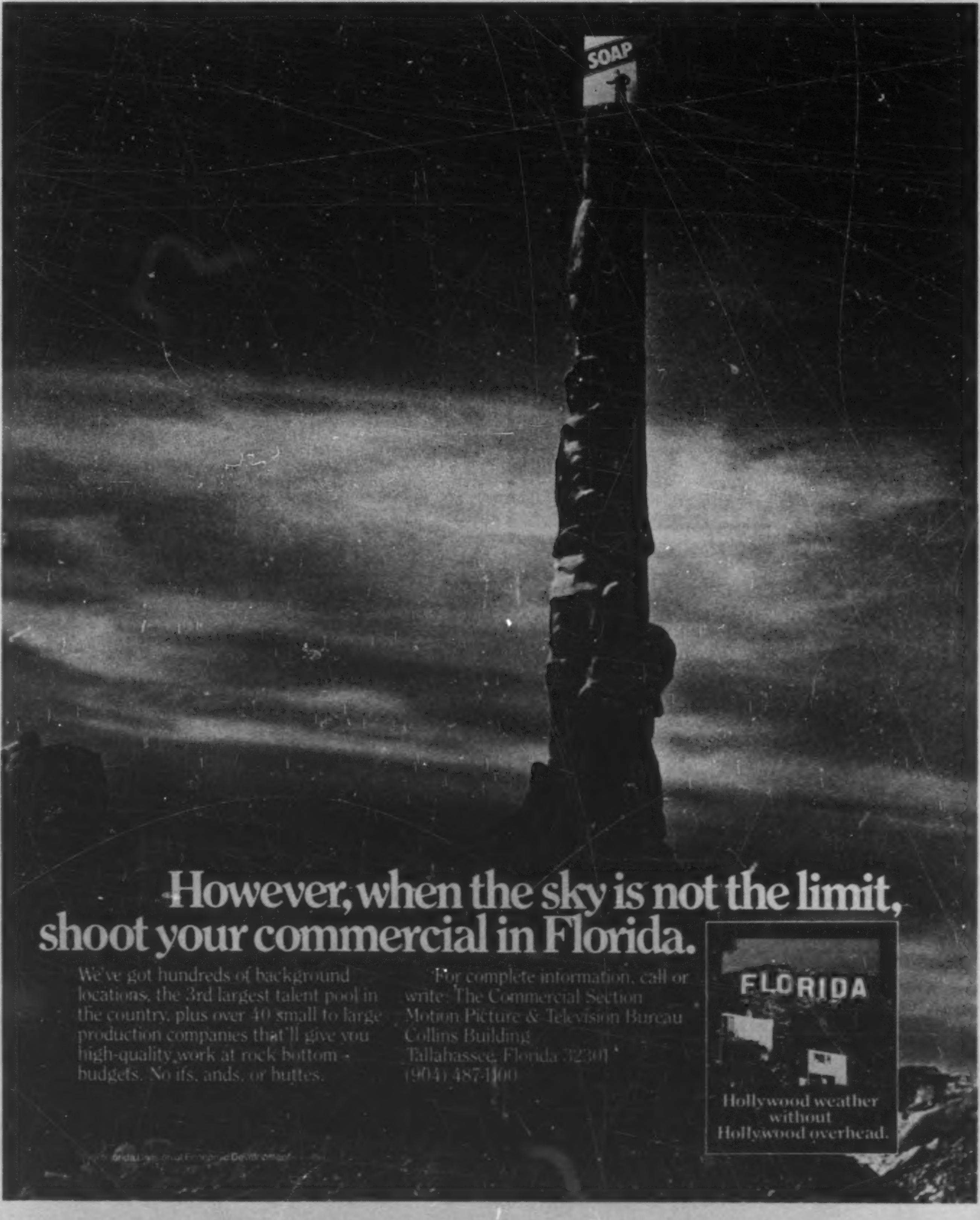
John J. Manning, sr vp-mktg worldwide
George T. Eisenberg, sr vp-worldwide sales
Erik J. Pierce, vp-pr
David G. Eickholt, vp-mktg services
G. William Seawright, sr vp-intl
Leonard D. Blado, sr vp-planning & devel

Advertising Agencies

Asch Advertising, New York—(out of home agency of record)—Richard Asch, president; Gordon Asch, chmn.

Ted Bates Advertising/New York—Foster's Lager.

Castor Spanish International, New York—Hispanic adv—Smirnoff vodka, Don Q rum, Jose Cuervo tequila, Black Velvet Ca-



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nadian whisky—Robin Roberts, acct super; Castor Fernandez, creative dir.

DYR, New York—Harveys Bristol Cream, Don Q rum, Inglenook wine, Finlandia vodka, Mouton Cadet wine, TropicFreezeR, Citronet, Torresella wine, Fazi Battaglia wine, Babycham Perry wine, new prods—Robert J. Donahoe, sr vp-group dir; Steve Nastelberg, dir-media services.

FCB/Leber Katz Partners, New York—Club Cocktails, Arrow Cordials, Vikin Fjord vodka, Heublein F.S. Cocktails, new prods—Stuart Kissel, vp-acct super; David Fulton, media dir.

Lowe Marschalk, New York—Beaulieu Vineyard—Bob Glassman, acct super; Jay Cossey, media planner.

McCann-Erickson, New York—Smirnoff vodka, Black Velvet Canadian whisky, Irish Mist Liqueur, The Famous Grouse scotch whisky, Yukon Jack Canadian Liqueur, Moosehead Canadian Lager, new prods—Victor Linn, sr vp-mgmt rep; Rick Gallagher, assoc planning dir.

UniWorld Group, New York—ethnic & general adv—Smirnoff vodka, Harveys Bristol Cream, Club Cocktails, Brass Monkey, Don Q rum—Byron Lewis, ceo; Winston Cooper, acct super.

Young & Rubicam, New York—Lancers wine, Valbon wine, Jose Cuervo tequila—John Stokes, sr vp-mgmt super; Nancy Smith, sr vp-group super.

KENTUCKY FRIED CHICKEN CORP.
Louisville, Ky.
Corporate Personnel

Richard P. Mayer, chmn-ceo
Steven V. Fellingham, president, KFC International
Donald E. Doyle, president-KFC/USA.
Donald E. Parkinson, exec vp-genl mgr, Zantigo

Marketing Personnel

Robert E. McDowell, exec vp-mktg & devel
Michael J. McGraw, sr vp-worldwide services
Gregg M. Reynolds, vp-public affairs
Roger H. Kramer, vp-strategic planning

Advertising Agencies

The Bravo Group, New York—Hispanic media—Daisy Exposito, creative dir.

Mingo-Jones, New York—Kentucky Fried Chicken Corp. black media—Marla Curry, acct super.

Young & Rubicam, New York—Kentucky Fried Chicken Corp. natl co-op & company-owned outlets—Chris Becker, acct super; Monty Roberts, mgmt super.

NABISCO BRANDS
East Hanover, N.J.
Corporate Personnel

Robert M. Schaeberle, chmn
James O. Welch, Jr., president-ceo
Robert J. Carbonell, exec vp

NABISCO BRANDS USA
Parsippany, N.J.
Corporate Personnel

Charles Chapman, president
H. John Greeniaus, exec vp
Peter N. Rogers, exec vp, vp-operations
John H. Clark, exec vp-corp technology
Edward P. Redding, sr vp
Raymond Wright, sr vp-finance

Marketing Personnel

Herbert Brinkerhoff, vp-mktg services/planning
Robert Garguilo, dir rsch
Melvin Perlmutter, dir-mktg services
Robert Springer, dir-adv services
Louis J. Rubinacci, dir-natl television
Marjorie Massarsky, mgr-spot tv, mag & outdoor

BISCUIT DIVISION
Corporate Personnel

H. John Greeniaus, president

Marketing Personnel

Harold Lees, vp-mktg
Sharon Fordham, dir-mktg crackers
William Stuart, dir-mktg sweet goods
Michael Perry, dir-media

Advertising Agencies

DFS-Dorland Worldwide, New York—cookies, crackers—Joseph Mack, president; Raymond Caro, mgmt dir-biscuit div.

McCann-Erickson—New York—crackers

GROCERY DIVISION
Corporate Personnel

William McKnight, president

Marketing Personnel

Ellen R. Marram, vp-mktg
Marc Atkinson, dir-mktg hot cereals
Bruce Campbell, dir-mktg margarines
Robert Donegan, dir-mktg RTE cereals
Roger Wagner, dir-mktg dry prods
Robert Sch0field, dir-mktg pet foods

Advertising Agencies

Deltakos, New York—Fleischmann's Lite-Egg Beaters—Victoria Roberts, acct super.

Foote, Cone & Belding/Leber Katz Partners—cereals, desserts, dog biscuits.

Tatham-Laird & Kudner—Ortega, Hawaiian Punch, Fleischmann's Blue Bonnet.

LIFE SAVERS/PLANTERS
Corporate Personnel

Lawrence Kleinberg, president

Marketing Personnel

Robert W. Denny, vp-mktg
Valerie Friedman, dir-mktg chocolate & new prods
Michael W. Gretz, dir-mktg hard roll candy & gum
Eric N. Shullman, dir-mktg Planters

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, New York—candy, nuts, snacks—Ron Benza, sr vp-mgmt super. Baby Ruth/Butterfinger & Planters—Michele Kay, acct super, Planters prod line; Steven Centrillo, acct super, Baby Ruth/Butterfingers.

DFS-Dorland Worldwide—candy, gum—Joseph Mack, president-DFS New York; Robert M. Egan, mgmt super.

Sara Lee Corp.

RANK **29**

Chicago

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	8,117	7,000	16.0
Net income	206	108	90.7
U.S.	**1985**	**1984**	**% chg**
Sales	6,631	5,632	17.7
Operating profits	366	340	7.6
Advertising	286	249	14.7
Division sales	**1985**	**1984**	**% chg**
Consumer foods	2,615	1,896	37.9
Food service	1,484	1,363	8.9
Beverages	1,453	1,440	0.9
Consumer prods.	1,640	1,446	13.4
Consumer sales	1,039	962	8.0

Sara Lee, which underwent a restructuring this year that reflects the loss of its beverage business and importance of international sales, for the first time in more than a decade reported a drop in revenues in fiscal 1986 although income for the period set a new high.

Cause of the corporate sales drop, were the divestiture of the Shasta Beverage and Idaho Frozen Potato operations coupled with the restructuring of the Popsicle Inc. unit.

The resulting loss in sales were felt largely by the new U.S. Consumer Foods segment (it included international foods as well in 1984) in which sales dropped 7% as operating income plunged 13.4% to $131.4 million. Otherwise, the foods group would have had increases in 1985 because the meat companies and Kitchens of Sara Lee and Chef Pierre had new-product introductions and better market penetration that led to an 8% unit volume gain for meats and 7% for frozen foods.

Combined, the Sara Lee meat companies hold about 5% of the $19 billion U.S. processed meat market. The measured ad spending level for all meat products rose 62% to $15.2 million, reflecting a bevy of new product entries from Hillshire Farms (total spending $6.2 million, up 10%) and Jimmy Dean and Kahn's (total spending $2.8 million and $2.6 million, respectively).

Kitchens of Sara Lee has a 40% share of the U.S. frozen sweet goods market. Kitchens of Sara Lee hiked its ad spending 69% to $9.4 million, primarily to support croissants with $6 million, up 91%, and the launch of Bagel Time supported with $1.03 million, all in spot tv.

The Foodservice segment was held down in performance this year because of the divestiture of 670 Lawson's convenience stores and six regional branches of the PYA/Monarch wholesale food supply company. Sales fell 19% as operating income dropped 6%, to $49.8 million.

Sales of the newly created International Consumer Foods segment rose 26%, primarily because of a weaker dollar and strong sales by Douwe Egberts, the Dutch coffee, tea and tobacco house. Operating income jumped nearly 42%, to $70.4 million.

Results at the Consumer Personal Products segment (Aris gloves, Bali and Canadelle lingerie, Hanes hosiery, L'eggs, Sirena beachwear) also were dampened by a divestiture—the sale of service merchandiser Sav-A-Stop, Jacksonville, Fla., in June, 1985. Sales drop 2%, to $1.4 billion as operating income climbed 17%, to $145 million.

In the Consumer Household Products segment, Kiwi, Electrolux and Fuller Brush helped generate a 16% growth in sales, to $943 million and operating income of $118 million, up more than 22%. Acquisitions during 1985 brought in fine leather products, foodservice operators and distributors, specialty meat producers, a seafood distributor, and a bid by Sara Lee to buy the 85% of Nicholas Kiwi Australasia it does not own.

Sara Lee made several divestitures during the year, including foodservice operations from PYA/Monarch, its sugar beet processor, Idaho Frozen Foods, Sav-A-Stop, and Lawsons Stores. In November, 1985, the company sold Shasta Beverages to National Beverage Corp., Ft. Lauderdale, Fla., for $55 million.

A wealth of new products and reformulations marked 1985 for Sara Lee. Bagel Time frozen bagels in five varieties were introduced in select markets in October and were national by year's end as Foote, Cone & Belding, Chicago, enjoined consumer to "eat 'em slow" in its radio and tv commercials. Sara Lee spent $1.03 million on its bagels in measured media, a distant second to Kraft's Lenders' $6 million spending. The frozen bagel market is estimated at $90 million, compared to $310 million for fresh bagels. Lenders has 71% of the frozen bagel market and Sara Lee has 21%.

Another new Kitchens of Sara Lee frozen convenience food, Sara Lee Hearty Fruit Muffins in four varieties, two muffins per pack, bowed in June, 1986, and is due nationally this September. Foods in the frozen breakfast category are the fastest growth group now, up 8% in tonnage and 17% in dollars for 1985 compared to 1984.

In the frozen bread and roll category, market shares have changed since 1982 when Kraft's Lenders had 28% of the market to Sara Lee's 1.7%. In 1985 Sara Lee claimed 33% to Lender's 25.8%. The biggest strength of Sara Lee in that market is croissants; its newest entry is pre-sliced versions, out in March, 1986.

Kitchens of Sara Lee moved its retail account from Foote, Cone & Belding, Chicago, to Chiat/Day, New York.

New offerings for sausages brought them to the market skinless, microwavable, country style and Southern, extra-lean, low-salt, no-sugar, mesquite smoked (regular and beef), fully cooked and in fillings inside old fashioned buttermilk biscuits—these from the host of regional and national specialty meat marketers in Sara Lee.

Popsicle, which competes in the $1.75 billion frozen treats market, rolled out its new and reformulated product line in spring, 1986, including three new flavors, strawberry, raspberry, and wild berry. Other additions are a fudgier, creamier Fudgsicle, a 3½-oz. Big Stick water ice bar, a 2½-oz. Sidewalk Sundae ice cream bar, and a cookie-size Oreo Snackwich. A single stick has replaced the historic Popsicle Twin Stick except in some stores that sell Popsicles individually.

L'eggs Products introduced in 1985 its Sheer Energy Summer Lights, a seasonal entry; Little L'eggs Tights, for girls to 11; Color L'eggs; and Gitano, fashion colored and textured hosiery. L'eggs received measured advertising of $38 million, up 9%, generally running in magazines.

Hanes Hosiery introduced Silk Reflections light support knee highs and silky designs; Isotoner Pantyhose, a full line of spandex sheer pantyhose; and two lines of textured pantyhose, Fitting Pretty and Today's Girl.

From Hanes Printables came Hanes Fleecewear Adult Sweatpants in 17 colors; Hanes Fleecewear Youth Sweatpants in 12 colors; and the Hanes 100% Cotton Pique Sportshirt. And having passed muster with Inspector 12, three new underwear entries are available from Hanes Knitwear. Hanes received $23.1 million in ad backing, down 6% from 1984.

Two new bras, coming to market in May, 1986, are the latest offerings from Bali Co. Pretty Bali is a satin and lace model, and Racerback is a shoulder-hugging bra. The new items helped push Bali spending up 14% to $2.6 million, virtually all in magazines.

Among a list of new items launched by Nicholas Kiwi Ltd's U.S. unit, Kiwi Brands, were two preparations for black consumers, Ambi Cocoa Butter Skin Cream skin softening formula and also skin protectant formula, and for Hispanics, a medicated MIA Skin Cream.

Kiwi also launched BLOO Fresh Evergreen automatic toilet bowl cleaner and Toilet Duck manual toilet bowl cleaner, Kiwi Aerosol Sneaker Shampoo, and Kiwi Classic Gift Kit, a shoe polish kit in a replica of a 1940 Kiwi Polish can. Kiwi now has 80% of the U.S. shoe care market.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$27,940	$20,368
Newspaper	3,350	4,812
Newsp. supp.	830	938
Network tv	64,129	64,076
Spot tv	26,196	23,538
Network radio	2,313	1,921
Spot radio	10,147	2,345
Outdoor	18	135
Network cable	1,974	1,262
Total measured	136,897	119,393
Unmeasured	149,059	130,000
Total	285,956	249,393

ADVERTISING EXPENDITURES

(Sara Lee supplied)	1986	1985
Newspaper	$20,832	$25,475
Magazine	23,493	22,677
Spot tv	33,120	34,968
Net tv, cable	71,462	75,237
Spot radio	2,412	3,050
Network radio	2,434	1,584
Outdoor	1,449	2,952
Total measured	155,202	165,943
Unmeasured	176,551	154,130
Total	331,753	320,073

SARA LEE CORP.
Three First National Plaza
Chicago, Ill. 60602-4260
(312) 726-2600
Marketing Personnel

Charles Ostrander, vp-mktg, Aris Isotoner
Jean Gariepy, vp-mktg, Bali Co.
Robert B. Crawford, vp-sales & mktg
Steen A. Metz, vp-business planning & devel, Booth Fisheries
John Lox, vp-mktg, Bryan Foods
Jack Thomas, sr vp-sales & mktg, Buring food group
Ray Nadeau, vp-mktg, Canadelle
R.D. Bullard Jr., vp-mktg & genl mgr, retail sales
Gary W. Ramey, mktg mgr, retail
Stephanie M. Walter, mktg mgr-foodservices, Chef Pierre
Helen Chafkin, dir adv, Coach Leatherware Co.
William Douque, genl mktg mgr, Douwe Egberts, The Netherlands
David Belle-Isle, sr vp-mktg & planning, Electrolux Corp.
Robert McGurkin, dir-household mktg Fuller Brush Co.
Ron Vincenzi, genl sales mgr, Galileo-Capri Salami
Charles Stacey, vp-sales, mktg, Gallo Salame
Paul F. Wold, vp-mktg, Hanes Hosiery
John Wigodsky, vp-mktg
Jim Ostrowsky, vp-mktg, Hanes Knitwear
Kirk Beaudin, vp-mktg, Hanes Printables
Charles Lehman, vp-mktg, Hi-Brand Foods
Teri Burgess, prod mgr, Hi-Brand Foods
James M. Williams, vp-retail sales & mktg (heartland state region)
Kathleen Horner, natl dir-mktg, Hillshire Farm Co. (natl)
Jack Sletten, vp-mktg
J.T. McGraw, dir-mktg
Ed Jenkins, vp-mktg, Jimmy Dean Co.
Dini Hogeweg, mktg coord, Jonker Fris, The Netherlands
Steven P. Stanbrook, vp-mktg, Kiwi Brands
John Piazza, vp-mktg, L'eggs
Robert Fraser, vp-mktg, Lyon's Restaurants
Kathy Klopfenburg, dir-mktg, Emmber Brands, Peck Meat Packing Corp.
Paul J. Kadin, vp-mktg, Popsicle Industries
Ronald Elmquist, vp-sales & mktg, PYA/Monarch
Ted Kengla, vp-Poultry Specialties
Larry Wucher, vp-sales & mktg, R.B. Rice
Jerry Pattillo, dir-mktg, R.B. Rice
Greg Morre, vp-mktg, retail sales, Rudy's Farm
Glen Mazepa, dir-mktg, Rudy's Farm
Bob Roberts, retail prod mgr, Rudy's Farms
Thomas G. McCarley, vp-mktg & res/devel food service, Kitchens of Sara Lee
Robert H. Cohen, dir-mktg, Shasta
Joe Kaminsky, sr vp-sales & mktg, Sirena
Ed Breclaw, vp-mktg
Pam Johnson, vp-gourmet sales
Mary Kay Buettgen, prod mgr, coffee
Bill Mortimer, prod mgr, foods
Randall Voorn, genl mgr, Moccomat, Superior Coffee & Foods

Advertising Agencies

Ally & Gargano, New York—Bryan (processed meats including bologna, bacon, sausage, Smoky Hollow brand)—Lou Killeffer, senior vp-mgmt super; Jim Feeney, acct exec; Barry Vetere, creative dir.

Aris Isotoner Inc. (handles all advertising & media placement in-house).

Barkley & Evergreen, Kansas City, Kansas—R.B. Rice creative & pr—Connie Bookmyer, acct exec.

Basinger & Associates, Atlanta—Hi-Brand Foods—John Basinger, acct exec.

Berry-Brown, Dallas—Jimmy Dean Sausage & Biscuit Sandwiches.

Brooks-Pollard, Little Rock, Ariz.—Rudy's Farm foodservice—Doug Williford, acct exec.

Burrell Advertising, Chicago, Ill.—Black adv: L'Eggs hosiery—Linda Pharr, vp-mgmt super.

Chiat/Day, New York—Kitchens of Sara Lee—Ira Mathathia, mgmt super; Nigel Carr, acct planner; Bill Hamilton, creative planner; Megan O'Shaughnessy, acct exec; Bob Zach, media dir; Jane Newman, sr vp-dir client services.

Craemer Grasselt, Milwaukee—Peck Meats, new prods activity.

Dancer Fitzgerald Sample, New York—Hanes Brand—Lyn Salzberg, mgmt super; Preston Bealle, acct super; Catherine Streich and Mary Pat Ladner, acct execs. Bali—Tom Bohan, exec vp-acct dir; Dennis Keane, sr vp; Jacquleen Ferrell, acct exec, Bali Brand, John Grant, acct exec, Something Else; Marianne Bess, acct exec, Bali, A-OK, CeSoir; Barbara McKale, acct exec, Something Else, A-OK, CeSoir. Popsicle—Mike Jeary, vp-mgmt super; Marc Luchansky, vp-acct super; Carey Field, acct exec. L'eggs—Michael Donahue, exec vp-acct dir; Michael Leahy, sr vp-mgmt super.

DFS Dorland—Coach—David Means, acct exec.

D'Arcy Masius Benton & Bowles, Chicago—Hillshire Farm natl mktg—Clark Hine, exec vp, creative services; Carol Singer, mgmt super.

H.J. Delaney, New York—PYA/Monarch—Harry Delaney, president-acct exec; Ken Seiter, acct super. Booth Fisheries—Harry Delaney, president.

Dillard & Lavine, Dallas—Standard Meat Co.—Steve Lavine, acct exec.

W.B. Doner & Co., Baltimore—Bali corp co-op adv—David Sackey, senior vp-acct dir; Ellen Gordon, acct super; Deborah Goetz, acct services.

Doyle Dane Bernbach, New York—100% d'Lite—Michael Perkins, acct super.

Evans, Lynch, Rockey, San Francisco—Lyon's Restaurants—Greg Pabst, exec vp-acct services; Martin D. Rockey, creative dir.

FHV-BBDO, Amsterdam, The Netherlands—Douwe Egberts—Marlies Ponsioen, acct super; Digna Lievaart, Rob Troost, acct dirs.

Food Group, Los Angeles—Hi-Brand foods—Bob Hager, acct exec.

Foster & Green, Baltimore—Kiwi Brands Inc., Shoe Saver & Cavalier—Wink Foster, president.

Frankenberry, Laughlin & Constable, Milwaukee—Hillshire Farm heartland state

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How much is the liquor industry spending on a market by market basis?
Turn to LNA for answers.
See page 93

region—Dick Papke, vp-acct services; Maribeth Scaaf, acct exec.

HBM/Creamer, Pittsburgh—Chef Pierre, Lloyd J. Harriss Pies—Howard S. Gittins, exec vp; Pat Wood, acct mgr; Timothy Lazor, acct exec.

Henderson Advertising, Greenville, S.C.—Hanes Printables consumer adv—Ralph Callahan, chmn; Jim Brandhorst Sr., vp-dir client services; Hayward Whetsall, vp-mgmt super.

Holt Enterprises, Greensboro, N.C.—Hanes Printables trade adv— Jim Houghtaling, president; Elaine Pelkey, vp-media dir.

Bill Hudson, Nashville—Rudy's Farm—Ed Damica, acct exec.

Jordan, Manning, Case, Taylor & McGrath—New York—Underalls (Hanes), new prods—Don Gilbert, mgmt super; Anne Kirkwood, acct super; Kathie Ryan, acct exec.

LeSac, Milwaukee—Hi-Brand—Lauri Huisman, acct exec.

Lewis, Gilman & Kynett (FCB), Philadelphia—Kiwi Brands Inc. Kiwi, Bloo, Miracle White, Johnny Mop, StingKill, Wood Preen—Joseph Barone, vp-mgmt super; John Brady, Robert Hoeck, Joy Elliott Shugrue, acct execs.

Long, Haymes & Carr, Winston-Salem, N.C.—Fitting Pretty, Isotoner—Bob Ely, vp-mgmt super; Don Van Erden, acct super; Patrick O'Sullivan, acct exec. Hanes Knitwear brands of mens, boys, girls underwear—Loren Chamberlain, exec vp-acct mgr.

John Malmo, Memphis—Buring Food Group—Bob O'Connor, vp.

Mandabach & Simms, Chicago—Sara Lee foodservice—Lee Lippman, senior acct super; Jim Flurry, acct super; Joy Mizell, acct exec.

Maris West & Baker, Jackson, Miss.—Bryan canned meats—Gerrit Maris, president; Henry B. Ford, vp-mktg.

Lynn Medberry Associates, Los Angeles—Sirena swimwear line, Wear About beachwear line—Lynn Medberry, owner-acct exec; Edward Freeman, acct exec.

Media That Works, Cincinnati—Gallo—Eileen Wienert, acct mgr. Jimmy Dean—Mary Beth Price, Diane Barr, acct mgrs.

Network, The Hague, Netherlands—Jonker Fris—Van Oosteron, acct exec.

Noble & Associates, Chicago—superior coffee & foods—Raymond Jorns, vp-acct service.

Ogilvy & Mather, Montreal—Canadelle—Claude Giroux, managing dir.

Proctor & Gardner Advertising, Chicago—R.B. Rice media services—Rolfe Kolconay, acct exec.

Puskar, Gibbon, Chapin Inc., Dallas—Jimmy Dean Mesquite smoked sausage, new prods—Jim Gibbon, president; Tony Dammicci, acct mgr.

Scott Advertising, Milwaukee—Emmber Brands, Peck Meat Packing—Chuck Reynolds, Kathie Cavallo, acct execs.

Sive Associates (div of Young & Rubicam), Cincinnati—Kahn's & Co./Hillshire Farm, natl mktg, media services—Phil Mandel, vp-mktg planning; Tom Allen, acct exec.

Sullivan & Findsen, Cincinnati—Hillshire Farm natl mktg, sales promo, merch—Kirby Sullivan, president.

Don Tennant, Chicago—Superior coffee and foods, Gourmet div.

Uniworld Group, New York—Kiwi Brand, Ambi, Mia—Herman Morales, sr vp; Mariam Mulay, acct super; Maritza Roche, acct exec.

Young & Rubicam, San Francisco—Gallo Salame, Western states, Gianola Salame, Eastern states.

Schering-Plough Corp.

RANK **48**

Madison, N.J.

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,927	1,874	2.8
Net income	193	177	8.7
U.S.	**1985**	**1984**	**% chg**
Sales	1,124	1,076	4.5
Operating profits	242	238	1.9
Advertising	169	146	16.1
Division sales	**1985**	**1984**	**% chg**
Pharmaceuticals	1,122	1,057	6.1
Consumer prods.	805	818	(1.6)

Schering-Plough Corp. suffered a slight drop in worldwide consumer product sales in 1985 because of a decline in analgesic and cold products sales and a low growth rate in the Maybelline cosmetics line. Consumer products, the advertising-driven segment representing 19% of total sales, off from 20% in 1984, grew 3% in U.S. sales.

Schering-Plough got strong gains from its major breadwinner, pharmaceutical products, which includes prescription drugs, over-the-counter medicines, vision care and animal health products. Pharmaceuticals accounted for 64% of operating income, up from 63% in 1984, with consumer products accounting for the remainder.

The company's flat performance — 2.8% growth in sales and 8.7% growth in net income in 1985—began to show improvement in the first half of fiscal 1986 when sales increased 14% to $1.2 billion and net income rose 26% to $143.6 million, aided by strong increases in the worldwide pharmaceuticals business and in the U.S. suncare sector.

Earnings in 1986 could advance 15% to 20%, Value Line analyst Rudolph C. Carryl says.

In the mass-market cosmetics business, Schering's lead product, Maybelline, led the category last year in unit sales, with a 20.9% share of the market, but tied with Revlon at a 19.4% share of the dollars in that segment.

Maybelline, which has the widest distribution in the U.S. mass market with more than 150,000 outlets, sold 170 million units.

At the same time, Revlon held a 16.1% share of the unit sales, and Noxell's Cover Girl line rounded out the top-selling trio with a 17% share of dollars and a 17.6% share of units sold, according to Robert W. Kirkpatrick Jr., senior vp with Duff & Phelps, Chicago, an investment research company. He bases his figures on the first nine months of 1985.

Maybelline defended its dominant market position by increasing its advertising and promotion budget, redesigning product packaging and introducing line extensions. The Maybelline line received nearly $42 million in measured media support, up 24% from 1984. Spending levels are higher in 1986.

Sales of its Expert and Long Wearing brands continued to grow. The Expert line added Expert Eyes waterproof mascaras and a line of Expert lipsticks. The Shine Free line, which is targeted to younger women with oily skin, introduced a line of mascaras in water-removable formulations.

Shine Free received only $600,500 in measured media support. Maybelline's Moisture Whip line, which addresses an aging women's market, received nearly $10.5 million in measured media backing. A new product, Blooming Colors eye coloring pencils, reached market last year. The Daydreams fragrance line, which entered the market with a bang several years ago, received only token support last year and quietly was taken off the market.

Schering-Plough's suncare lines continued to bask in the warmth of a 35%-plus share of market last year, although down from about 40% three years ago. The three suncare lines, Coppertone, Shade and Tropical Blend, meet the gamut of skin tones from deep tanners (Tropical Blend), to burners (Shade) to the in-between (repackaged and reformulated Coppertone). All are waterproof.

The sun products now are enhanced with natural moisturizers, Vitamin E and aloe. Solarcaine aloe vera gel became the No. 1 aloe remedy in the market.

Two tan accelerators also were launched under the Coppertone and Tropical Blend brand names. A new line of suntan products under the La Solaire logo also was introduced, sporting black packaging with gold embossing.

According to company officials,

Drug 'patch' technology

With its recent buyout of Key Pharmaceuticals, Schering-Plough got several new drugs that are administered by a medicated patch put on the patient's skin. Called the transdermal system, the sustained release method may be applied to other S-P products.

THIS BUSINESS EXECUTIVE • is 46 years old • attended college • is in top management in his company • has a median household income of $75,200 and a median net worth of $349,000 • influences the purchase or lease of business products and services from accounting to telecommunications • and there's a 50/50 chance he doesn't read any national business publications.

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☐ Business Journal-Milwaukee
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☐ Arizona Business Gazette
☐ Business Journal of Portland
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AABP

Coppertone advertising in 1986 will be backed by the largest advertising program for that brand to date. Last year's measured media support totaled $6 million, up 36% for the Coppertone suncare product line. A new Coppertone campaign features TANercise, a national promotion that associates aerobic exercise with Coppertone.

Two extensions to the Di-Gel antacid product line were launched in March via a $3 million network radio and print campaign from Bloom Agency, Dallas. They are low sodium Di-Gel liquid and Advanced Formula Di-Gel tablets with calcium.

Correctol introduced a natural grain and fruit fiber powder laxative formulation, which extended the brand's line from just tablet and liquid forms. The mid-November network tv and print campaign from Warwick Advertising, New York, included the printing of 96 million coupons in free-standing newspaper inserts. Correctol laxative is Schering-Plough's largest proprietary drug franchise, and fiber powder laxatives are the fastest-growing segment of the laxative market. The Correctol line received close to $6 million in measured media backing, up 15%.

In December, 1985, Schering-Plough launched Fibre Trim into the $250 million and growing U.S. diet and weight control market. Fibre Trim, an all-natural, high-fiber supplement designed to aid in weight loss, contains citrus fruit and bran fiber. Fibre Trim tablets, obtained under an exclusive license from Danish company Farma Food, achieved $18 million in sales during the first quarter of 1986, according to Mr. Kirkpatrick of Duff & Phelps. If that momentum continues, Fibre Trim sales could reach $60 million by the end of the product's first year, he adds. Fibre Trim is one of the leading weight loss products abroad.

Backed by a $25 million advertising and promotional campaign from Ogilvy & Mather, New York, Fibre Trim already commands an estimated 20%-plus share of the diet market. However, as analyst Adele Haley of Smith Barney Harris Upham & Co. says, because of its unique, all-natural formulation, Fibre Trim had no competitive barrier upon entering the category and its staying power remains to be seen. Still, Value Line analyst Mr. Carryl expects Fibre Trim to "make a modest profit contribution in its first full year on the market—an unusual feat for a consumer product."

The Dr. Scholl's line received more than $8 million in measured media support, up from $4.8 million in 1984.

Sales for the worldwide Scholl footcare line rose by 11% last year, while Dr. Scholl sales in the U.S. showed only a moderate increase. In June, 1986, Dr. Scholl introduced the Smooth Touch foot-grooming regimen. Backed by a $2.5 million network and spot tv ad campaign from Ted Bates Advertising/New York, the seven-item line includes a foot bath, conditioning lotion and pedicure kit.

Dr. Scholl's Legatrin capsules containing quinine sulfate—a muscle relaxant—entered the market in 1985 as a remedy to help relieve night leg cramps. The Dr. Scholl product received backing of $1.6 million in measured media. Schering-Plough is sponsoring national dance competitions to support the "Dr. Scholl's makes you feel like dancing" campaign theme.

The company merged its Dr. Scholl and Plough Inc. personal care units in October, 1985, to provide better customer service, the company says. Plough handled products such as Coppertone, Correctol, St. Joseph's aspirin and Paas. The merger was renamed the Personal Care Group with Michael A. Pietrangelo as president. He formerly was senior vp-consumer operations, headquarters.

In the pharmaceuticals segment, Schering-Plough worldwide sales grew 6% over 1984 as U.S. pharmaceuticals advanced 9%, led by Normodyne, an antihypertensive; Diprolene, a topical steroid; Lotrisone, an antifungal, and Proventil, an asthma product.

Schering-Plough advertises its pharmaceuticals to the U.S. trade through journal advertising, direct mail advertising and distribution of samples to physicians on request.

Schering-Plough's nonprescription drugs, which accounted for 4% of the $8.1 billion nonprescription drug business in the U.S., include such remedies as Drixoral cold tablets, Afrin nasal decongestants, Chlor-Trimeton allergy tablets and the Tinactin line of antifungal products. These otc pharmaceutical sales rose slightly, accounting for more than 35% of Schering-Plough's U.S. pharmaceuticals business.

Drixoral, a cold remedy that has been on the market since 1982, has grown from a 5% to an 8% share of the national market through coupon inserts and without benefit of consumer advertising. There are reports that Drixoral may extend its promotion to include advertising, though company officials declined to comment.

Wesley-Jessen, the Chicago-based vision care products arm, became a consumer advertiser for the first time in 1985. Wesley-Jessen, which recorded sales growth of 21% despite industrywide price reductions, spent about $3 million on spot tv, network radio and major women's magazines.

Pending Food & Drug Administration approval, Wesley-Jessen plans to launch two new products by yearend. The largest planned, the only one to be be backed by consumer advertising, is the DuraSoft Colors line of contact lenses, which involves a patented process in which an opaque color on the lens masks the actual eye color.

DuraSoft Colors was expected to reach the market with a multi-million-dollar ad and promotional budget in the fourth quarter following FDA approval. By the fourth quarter, Wesley-Jessen water-content contact lens, DuraSoft IV, which is less prone to protein buildup than typical lenses.

Schering-Plough's commitment to its pharmaceutical business was reemphasized June 26, 1986, when it bought Key Pharmaceuticals, Miami, for more than $830 million in stock. Key, with 1985 sales of $152.1 million, gives the company a larger presence in the antiasthma, allergy and cardiovascular markets. Key is known for its controlled-release dosage technology.

Key will retain its manufacturing facilities in Florida and Puerto Rico, while the marketing and sales forces will transfer to Schering-Plough's pharmaceutical headquarters in Kenilworth, N.J.

Schering-Plough's cancer-treatment drug, interferon, which has received more than $100 million in research-related funding from the company since 1980, got U.S. approval. Intron-A, its alpha-2 interferon, was approved for treatment of hairy cell leukemia. Approval for five other indications—from venereal warts to the common cold—still is pending. The company also plans to file for a chronic hepatitis B usage.

The Paas line of children's activity products, available for Easter and Halloween, was joined by Valentine gift card kits, marketed for the first time in February, 1986. The Paas line also was extended to the adult market with the launch of Showtime party makeup kits.

On Jan. 1, 1986, Richard J. Kogan became president and chief operating officer at Schering-Plough. He had been exec vp-pharmaceutical operations. Harold R. Hiser Jr., became exec vp-finance, after serving as senior vp-finance, and Donald R. Conklin, formerly president of Schering—U.S., became group vp of pharmaceutical operations. Ralph W. Golby became senior vp-investor relations after serving as vp-investor relations.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$24,288	$22,025
Newspaper	200	260
Newsp. supp.	129	0
Bus. pubs.	1,392	1,515
Network tv	39,308	33,121
Spot tv	3,359	5,388
Network radio	4,003	1,423
Spot radio	5,871	5,016
Outdoor	1,081	1,544
Network cable	2,062	41
Farm pubs.	560	495
Total measured	82,252	70,828
Unmeasured	87,131	75,029
Total	169,383	145,857

SCHERING-PLOUGH CORP.
One Giralda Farms
Madison, N.J. 07940-1026
(201) 822-7000

CONSUMER OPERATIONS
Memphis

Corporate Personnel

R. Lee Jenkins, exec vp

Corporate Media Buying

Lake-Spiro-Shurman, Memphis—media placements for U.S. Consumer Operations, including Maybelline USA and Personal Care Group—Avron Spiro Jr., president; Gene Camerik, vp-media resources; Robert Maxwell, dir-mktg services; Ron Mednick, vp-media planning; Lewis Nolan, vp-communications; Lynn Sanders, vp-natl media.

MAYBELLINE USA

Corporate Personnel

David Brittain, president
Hank Pellegrin, exec vp

Marketing Personnel

Gary Mulloy, sr-vp-mktg, adv & mktg rsch
Bob Schreiber, vp-adv
Chris Berry, vp-new ventures
Roz Daiboch, vp-prod devel
Geoff Crane, group mktg mgr-Blooming Colors, Long Wearing, special projects
Cathy Wills, group mktg mgr-Moisture Whip, Expert Eyes, face & lips prods
Ken Goff, group mktg mgr-Shine Free, Mascara & Liner prods

PERSONAL CARE PRODUCTS
(Plough USA, Scholl USA)
Chicago

Corporate Personnel

Mike Pietrangelo, president

Marketing Personnel

Gerry Nobrega, sr vp-mktg & adv
Russell Elliot, sr vp-mktg & adv rsch
Robert Cullen, vp-new prods
Tony Guiliano, vp-suncare prods
Jim Roudebush, vp-footcare prods
Steve Bobowski, sr business dir, proprietary drugs
Don Anderson, dir-mktg foot health prods
Tim Ballage, dir-mktg specialty footcare prods
Miller Slaughter, dir-mktg insoles, Legatrin, sports medicine prods

Advertising Agencies

Ted Bates Advertising/New York—Maybelline eye cosmetics & nail enamel, Expert Eyes, Dr. Scholl's—Lynn King, acct super; Joan Rothberg, exec vp.

Robert A. Becker Inc., New York—prescription prods—Robert A. Becker, president; Raymont Perry, sr vp-mgmt super; Doug Frank, acct exec.

Bergelt Advertising, New York—Schering veterinary ethical prods—Edward Bergelt, chmn; Robert Trybus, president; John Fraoli, vp-art dir; Jay Levy, acct exec.

Bloom Agency, Dallas—Moisture Whip, Aftate, Feen-a-mint, Solarcaine, Tropical Blend—Sherri Babcock, acct super.

Bryant, Lahey & Barnes, Overland Park, Kan.—Continental Animal Health, American Scientific Laboratories—Forrest Bryant, president; Lorraine Barnes, vp-acct super.

Della Femina, Travisano & Partners, New York—Coppertone—Michael Meyer, group dir; Barbara Carr, acct super; Karee Rubinstein, asst acct exec.

Ketchum Advertising, New York—medical, paramedical, trade & consumer promo, otc prods—Paul J. Abrams, sr vp-dir, sales promo

Lewis, Gilman & Kynett, Philadelphia—prescription prods—Charles Mathias, vp-acct super; Warren Dordine, acct exec.

William Douglas McAdams Inc., New York—prescription prods—Irwin Gerson, president; Anthony D'Onofrio, sr vp; Joseph Carobene, vp-acct super; Irving Swab, acct super.

Ogilvy & Mather, New York—Chlor-Trimetron, Fibre Trim, new prods—Doug Bruce, sr vp-mgmt super.

Rolf Werner Rosenthal, New York—prescription prods—Rolf W. Rosenthal, president-ceo; Ronald J. Souza, sr vp-dir, client services; Phil Brady, vp-acct group super; Paul Schneider, acct super.

Warwick Advertising, New York—St. Joseph's prods, Duration, Sardo, Artra, Sulfer-8 line, Black & White line, QT prods, Correctol laxatives, Mexsana medicated powder, Aspergum, Sudden Tan.

INTERNATIONAL GROUP

Corporate Personnel

Ron Mohling, president
Ricardo Borserini, dir-southern Europe
John Conte, genl mgr-Rimmel Cosmetics (U.K.)
Harold Kleber, genl mgr, Chicago Cosmetics (W. Germany)
Raul Ordonez, dir-Latin America
Michael Scholl, dir-northern Europe
Ake Tahti, dir-Scandinavia, central Europe
Ray Thomas, managing dir, Scholl, UK
Dough Witherspoon, dir-Canada, South Africa, Australia, New Zealand
Peter Wrightson, dir-Pacific Asia

Marketing Personnel

J. Richard Briscoe, sr vp, mktg & adv
Pat Trezona, vp-mktg

PHARMACEUTICAL OPERATION
Schering Laboratories
Kenilworth, N.J.

Marketing Personnel

J.P. Garnier, sr.vp-otc
Rogers Campbell, dir-new prods
Robert Nissen, dir-mktg
Kent Stephan, dir-mktg
Steve Scheider, sr vp-Rx
Edward Heimers, dir-mktg
Joshua Weinstein, dir-mktg

RANK

Jos E. Seagram & Sons 76

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	2,971	2,821	5.3
Net income	319	384	(16.8)
U.S.	**1986**	**1985**	**% chg**
Sales	1,739	1,752	(0.7)
Operating profits	14	37	(62.2)
Advertising	110	116	(5.0)

Joseph E. Seagram & Sons muscled into the U.S. markets for wine and spirits coolers in June, 1986, hoping to bolster its sluggish domestic sales in its over-all liquor business.

Seagram & Sons is the subsidiary of Seagram Co. Ltd., Montreal, the world's largest producer and distributor of distilled spirits and wines. Seagram Ltd. reported worldwide spending for advertising and sales promotion in 1985 of $312.1 million, up 12.5%.

Seagram & Sons biggest category of spending in 1985 was for Seagram Premium Wine Coolers—a citrus-flavored product introduced in November, 1984—with $12.8 million in measured media, divided 83% network tv, 15% spot tv, and 2% cable. In June, 1986, the company launched Seagram's Golden Wine Cooler, a product targeted at the 27-49 age group with a more pronounced wine flavor, backing it with an estimated $20 million network tv campaign starring Bruce Willis, of ABC's hit show "Moonlighting." Seagram's also added in June, 1986, a new flavor to the original citrus cooler called Seagram's Natural Peach Wine Cooler. The company is budgeting a separate $10 million for the citrus and peach products, industry sources say.

Seagram's also launched a line of spirit-based coolers in June, 1986, called Seagram's Golden Spirits. The line's four flavors include Mandarin Vodka, Peach Melba Rum, Spiced Canadian (whisky), and Sunfruit Gin. Each product contains 5.1% alcohol, the same amount as is contained in wine coolers. The spirit cooler line currently has 40% U.S. distribution in 10 markets. The spirits line is being promoted as year-round drink, unlike winecoolers, which so far tend to
best during the spring and summ
"It's more masculine in appeal an
little less beachy," a Seagram spol
man says. "The whole notion is tha
is not seasonal."

Since California Cooler pionee
the wine cooler category in 1981
market for coolers has blossomed
about $800 million retail in 1985
is projected to approach $1.4 billio
1986, according to *Impact*, a N
York-based trade journal for the w
and spirits industry. California Coo
sold to Brown-Forman, is now No
falling only this year to No. 1 Bartle
Jaymes, an E&J Gallo Winery prod
introduced in early 1985. Gallo s
ports the Bartles & Jaymes bra
heavily, spending a measured $1
million in measured media dur
1985, 77% of which was for netw
tv. There are more than 100 cool
type products currently on the mark

But there is plenty of room
growth in the market for coolers of
types—wine, spirit and malt. An e
mated 72.4 million, 9-liter cases will
sold in 1986, up from 42.9 milli
cases in 1985, according to *Impact*.
this, *Impact* estimates that Bartles
Jaymes will capture a 22% case sh
in 1986, up from 17.5%; Califor
Cooler, 18%, down from 26.8%; C
andaigua Wine Co.'s Sun Count
13%, up from 11.7%; and Seagra
Golden, 6.9%, with 1986 sales o
million cases. Seagram's Premium
contribute another 4 million case sa
and Seagram's spirit-based drinks
other 750,000 cases in 1986, giving
company a combined brand estim
of 13.5% share, says Frank Walte
director of research at *Impact*.

A consequence of the rising popul
ity of wine coolers, however, is a
clining market for table wines, M
Walters says. Sales of Gallo, the No
brand of table wine with an 11.
market share, totaled 18.4 million,
liter cases, a drop of 6.1% in 1985,
cording to the "American Wine M
ket Review and Forecast 1986," p
lished by M. Shanken Communi
tions, New York, also publisher of *I*
pact. Carlo Rossi, No. 2 with a 10.
market share, fell 2.8% in cases; No
Riuniti with 6.4% share, fell 8.8%
cases; Almaden, No. 4 with a 5.
share, fell 10.8% in cases; No. 5 Ing
nook with a 5.1% share fell 2.4%
cases. Seagram's Taylor Califor
Cellars, No. 6 with 3.9% share, fell 1
in cases, and Paul Masson brand, N
7 at 3.8% share, fell 14.1% in cases.

As sales fell, Seagram began shift
ad spending away from the two w
brands. Measured media for Tay
California Cellars dropped 39% to
million, divided primarily betw
network tv and spot tv, and fell 59%
$2.6 million for Paul Mason. "Seagr
sees the shift in the market and they
re-allocating advertising dollars
wine coolers," Mr. Walters says.

Operating income for spirits a
wine for Seagram Co. Ltd. in the y
ending Jan. 31, 1986 fell 12.6% a
12.8%, respectively, to a combin
$214.6 million on revenues of $2
billion, up 5%. After tax income
$99.2 million, down 13%. Adding S
gram Co.'s other income from
22.5% stake in E.I du Pont de N
mours and Co. boosts net earnings
fiscal 1986 to $319.1 million, do
17%. Contributing to Seagram's fall
profits was a 19% increase in fede
excise taxes (FET) for all spirits
Oct. 1, 1985, that prompted consum
to stock up early and slack off spe
ing at the close of 1985 and at the o
set of 1986, Mr. Walters says.

Compounding the problem is a d
ades-long shift in consumer tas
away from harder spirits, such
whisky and bourbon, toward ligh
sweeter drinks, such as flavor
Schnapps, cordials and liqueurs. D
tilled spirits consumption slid fr
164.6 million cases in 1981 to 15
million in 1985, according to "J
son's Liquor Handbook 1986," N
York.

In addition to its new product of
ings, Seagram pursued a strategy
1986 of emphasizing its array of p
mium products, which a compa

Specialists for financial services, advertising and packaged goods marketing executives.
Judd-Falk Inc.
EXECUTIVE SEARCH
545 Fifth Ave., N.Y., N.Y. 10017 • (212) 986-9666

spokesman says attract today's brand-conscious, discriminating consumers. An example was $4.8 million in measured media for Chivas Regal, Seagram's premium brand of scotch whisky, up 16%. Chivas, however, with case sales of 845,000 in 1985, unchanged from 1984, is far from being the leader of its category. Schenley's Dewar's While Label brand dominates the category with 2.4 million case sales in 1985, up 7%. Scotch consumption over-all was off 5.4% in 1985, according to "Jobson's."

Spending for another premium product, Seagram's Crown Royal Canadian whisky jumped 18% to $5.8 million. Seagram also increased measured spending 12% on Seagram's V.O. Canadian whisky to $6.7 million. In the Canadian whisky category, Seagram is locked into a battle against lower-priced competitors. Brown-Forman, which markets the No. 1 brand, Canadian Mist, leads with 1985 sales of 3.6 million cases, down 5.5%, according to Steve L. Barsby Associates. National Distillers' Windsor Supreme brand ranks No. 2 with 3.2 million cases, down 1.6%, and Seagram's V.O. ranks No. 3 with sales of 3 million cases, down 5.5%. Seagram's Crown Royal is No. 7 with 1.2 million cases, down 4%.

For the first time in several years, Canadian whisky's share of sales for the total distilled spirits industry fell, dropping to 13.2% from 13.6% in 1984, according to "Jobson's." Canadian whisky volume over-all fell 4.5% on sales of 20.2 million cases.

Seagram dominates the category of blended whisky, controlling the top three brands: No. 1 Seagram's 7-Crown, with case sales down 2%; No. 2 Kessler, with cases sales down 1%, and No. 3 Calvert Extra, with case sales of 914,000, down 8%. Sales volume for blends was off 5.7% on 11.2 million cases in 1985, and blends' share all distilled spirits sales dropped to 7.3%, its lowest point in history, "Jobson's" reports. In 1970, blends accounted for 19.6% of all distilled spirits sales.

Despite trouble in the blended whisky category, Seagram 7-Crown continues to rank as one of the top selling brands of all distilled spirits. In 1985, 7-Crown was the third leading seller behind Smirnoff vodka and Bacardi rum. Measured ad spending for 7-Crown fell 19% to $5.2 million.

Seagram also initiated an innovative and controversial ad campaign in 1985 equating the alcoholic content of a 12-oz. serving of beer, a 5.-oz. glass of wine and a 1 1/4-oz. serving of an 80-proof spirit-based drink. The campaign was designed to overcome consumer misconceptions on the facts of alcohol equivalency. But the campaign also signaled Seagram's new aggressive stance in fighting for the rights of distillers to compete on an equal basis with the makers of other types of alcoholic beverages.

In other action, Seagram in October 1985 cut back to three on its former roster of seven advertising agencies. The consolidation follows a major marketing reorganization that moved various liquor brands into different marketing units. One such move had all of the brands carrying the Seagram name being put together, assigning them to Ogilvy & Mather. Billings are estimated at $40-plus million a year in addition to O&M's current Seagram's accounts.

Another unit set up in February 1985 handles the $20-plus million premium-priced goods, which were assigned to Doyle Dane Bernbach. DDB already was handling Chivas Regal. Mingo-Jones will handle all ethnic advertising.

The big lo[illegible] Warwick Advertising, a Seag[illegible]cy for 50 years, William Est[illegible], Bozell, Jacobs, Kenyon & Eckhardt, and North Castle Partners. Seagram also formed an in-house media buying unit for magazines, newspapers and outdoor called House of Seagram Media. The unit is buying media for House of Seagram, which markets all of the company's distilled spirits brands and its more popular wine brands, and for Seagram Vintners, which markets higher quality imported and domestic wine brands.

Broadcast media are still the responsibility of the agency of record.

Supervising the internal restructure was Peter Dimsey, executive vp-marketing since April 1985, and a former general manager for the Detroit office of Kenyon & Eckhardt.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$29,685	$36,109
Newspaper	7,054	9,426
Newsp. supp.	1,931	1,781
Sun. pubs.	1,053	871
Network tv	15,630	13,415
Spot tv	9,352	8,917
Network radio	521	0
Spot radio	1,092	246
Outdoor	15,354	16,112
Network cable	709	134
Total measured	82,640	87,011
Unmeasured	27,543	29,000
Total	110,183	116,011

JOS. E. SEAGRAM & SONS INC.
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Marketing Personnel

Edgar M. Bronfman, chmn
David G. Sacks, president
Richard K. Goeltz, exec vp-finance
Stephen E. Herbits, exec vp-corp devel
Stephen E. Banner, legal counsel to corp
Charles M. Andolsek, vp
Earl Axelson, vp-Human Resources Corp
Leslie Bluhm, vp-rsch & devel
John L. Brady, vp-pr
Robert L. Cook, vp-labor relations
Wesley, A. Corner, vp-packaging
Edward Falkenberg, vp-controller
William K. Friedman, vp-corp affairs
Alain deGunzburg, vp-acquisitions & devel
Marc Henrion, president, Seagram worldwide wine operations
Hugh Kennedy, vp-corp personnel resources
Kenneth Levine, vp-government affairs
Arthur S. Margolin, vp-special asst to office of chmn & president
M. Jacqueline McCurdy, vp-state & industrial relations
Russell W. McLauchlan, vp-quality mgmt
John A. Minor, president, St. Regis Vineyards
Daniel R. Paladino, vp-genl counsel & secty
C. Richard Polzello, vp-admin
Stephen Schechtman, vp, financial planning
Abdallah H. Simon, chmn, Seagram Vintners
Hannah S. Sistare, vp-public policy
Bruce Smith, vp-purchasing
Thomas Trainer, vp-mgmt info systems
Ronald J. Watkins, vp-human resources
Lionel W. Greer, exec consultant

HOUSE OF SEAGRAM
Marketing Personnel

Edgar Bronfman Jr., president
Peter Dimsey, exec vp-mktg
Paul J. Tillotson, sr vp-dir, new prods
Joel Boyarski, vp-financial planning
Sam Ellias, vp-mktg, new prods
Andrew Harman, vp-sales servies
Donald Nickless, vp-mfg
Arthur Shapiro, vp-mktg rsch
Michael R. Stagliano, vp-control states relations
Bernard Solbof, vp-media
Robert Taylor, vp-admin
Lawrence J. Weiss, vp-natl acct sales

SEAGRAM DISTILLERS CO.
Marketing Personnel

Martin H. Bart, president
Frank J. Arcella, exec vp-sales
Thomas K. McInerney, exec vp-mktg
Victor S. Samaha, vp-admin
Richard D. McCarthy, vp-group prod dir
Angelo Vassalo, vp-group prod dir
Barbara Rakov, vp-group prod dir
Donald R. Keeton, vp-training
Vincent Sanchez, vp-chain stores
James Spillane, vp-natl programing
Jules Erwin, mktg communications dir
David Grossman, dir-mktg analysis
Eileen McMahon, group sales & promo mgr
Al Daniels, group sales & promo mgr
James J. Schiro, operations mgr

375 SPIRITS COMPANY
Marketing Personnel

Seymour L. Leikind, president
Richard Basser, exec vp-sales
Richard P. Shaw, exec vp-mktg
Robert A. Watkins, vp-natl programming
Robert Vosswinkel, vp-admin
Rodger De Sarno, vp-mktg
Jonathon Giesberg, vp-mktg
Ellice Matsil, vp-mktg
Rhonda Racz, dir-pr
Robert Regulinski, dir-mktg analysis
Michael Cahill, budget mgr
Andreas Panagis, operations mgr
Robert Dow, sales promo mgr
Arthur Kayser, mktg services dir
Judith Sacks, pr mgr
Steve La Scala, mktg budget mgr

PERENNIAL SALES CO.
Marketing Personnel

Robert A. Monroe, president
James Reichardt, exec vp-sales
James L. Chadwick exec vp-mktg
Tom Collins, vp-admin
Mike Ford, vp-mktg services, natl programming
Joseph Buckhalter, natl chain mgr
Robert Zukowski, operations mgr
Al Sanchez, budget mgr
Patricia Oehler, sales promo, adv mgr

SUMMIT SALES CO.
Marketing Personnel

Sheldon Katz, president
Thomas Cekay, sales mgr
Patrick Norris, sales mgr
Lynn Snodgrass, dir-admin

SEAGRAM WINE CO.
Marketing Personnel

Jerome S. Mann, president
C. Richard Coffey, exec vp-sales
Mark Taxel, exec vp-mktg
Michael Harbison, exec vp-finance & admin
Ed Cohen, vp-finance & admin
Jason Drapkin, vp-merch dir
Louis Keyes, vp-prod group dir, California Wines, Champagnes, Partager
Henry Hawley, vp-prod group dir
Jim Erlick, vp-prod group dir
Robert Roos, vp-dir intl mktg
John Oliver, pr dir
Glenn Wilen, mktg analysis dir
Angelo Pompeo, mgmt info systems dir
Robert O'Dowd, sales services dir

SEAGRAM VINTNERS
Marketing Personnel

Abdallah H. Simon, chmn
Samuel Bronfman II, president
Charles K. Frankel, vp-finance & admin
Stephen Altman, dir-finance & admin
David Waldenberg, budget mgr

SEAGRAM CLASSICS
WINE CO.

James L. Bareuther, exec vp-mktg & sales
John Esposito, vp-dir sales
John Agate, prod group dir
Kevin MacDougall, prod group dir
Mary Ellen Griffin, sr prod mgr
George Sandeman, prod mgr
Arnould Despointes, dir-import operations
Yoram Kafkafi, N. American dir-Carmel Wines
Barbara Edelman, pr dir
Nancy Rugus, sales promo mgr

SEAGRAM CHATEAU &
ESTATE WINES CO.
Marketing Personnel

David S. Milligan, exec vp-sales & mktg
Maurice Lartigue, sr vp
John W. Laird, vp-mktg

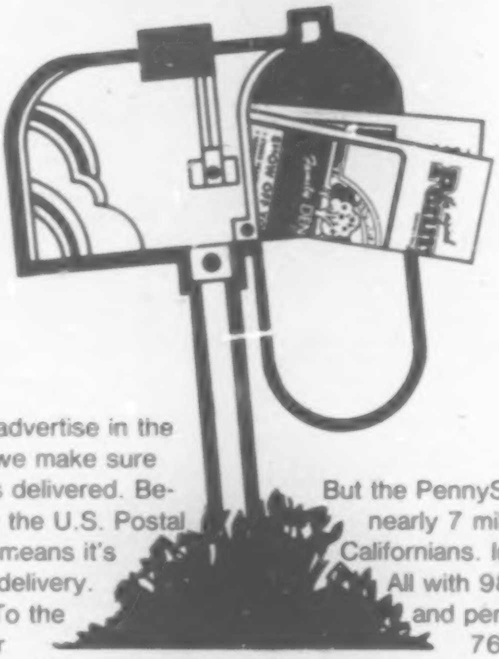
Advertising Agencies

Doyle Dane Bernbach, New York—Black Tower Wine, Captain Morgan Rum, Chivas Regal, Coladina, Crown Royal, Dr. McGillicuddy's, Glen Grant, Great Western, Henri Marchant, John Jameson, Jameson 1780, Kessler, Leroux, Mumm V.S.O.P Cognac, Myers's Rum, Myers's Original Rum Cream, Partager, Paul Masson, Prego Wines, Royal Paisley, Royal Salute—Stuart Himmelfarb, Mark Abrams, Michael Perkins, vps-mgmt supers; Veronica Spencer, acct super.

Mingo-Jones, New York—ethnic adv for various brands—Samuel Chisholm, sr vp-client services; Roland Chandler, vp-mgmt super; Marla Currie, acct super; Ray Brown, media dir; Kalvin McDowell, acct dir; Chestnut Crandell, asst acct exec; Darrell Hilliard, acct super; William McGuinn, mgmt super.

Ogilvy & Mather, New York—Canadian Hunter, Golden Spirits, House of Seagram Corporate, Seagram's Gin, Seagram's Imported Vodka, Seagram Wine Coolers, 7 Crown, Taylor California, Taylor New York, The Glenlivet, V.O.—Norman Berry, president-NY office, creative head-worldwide; Clifford Angers, sr vp-acct group dir;

A Premium Spot That The Others Don't Offer



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Michael Newbrand, sr vp-group dir; Joel Barad, vp-mgmt super; Jed Bernstein, Mark Goldman, mgmt supers; Harold Sogard, Greg Stern, Steve Kenety, Bruce Nathanson, acct supers; Paul Hesser, Betsy Lovejoy, Cathleen Frick, Marion Macaro, Tony Nieves, acct execs.

Levine, Huntley, Schmidt & Beaver, New York—Armagnac DeMontal, B&G, Bersano, Brolio, Burnett's Gin, California Boutiques, California Estates, Calvert Extra, Carmel Wines, Crown Russe Vodka, Julius Kayser, Lord Calvert, Monterey Vineyard, Mumm Champagne, Nikolai Vodka, Passport Scotch, Ronrico Rum, Seagram Chateau & Estates Wines, Sterling Vineyard, Tuaca Liqueur, Wolfschmidt Vodka—Mike McGoldric, acct exec; Karen Kaun, asst acct exec.

Sears, Roebuck & Co.

RANK 4

Chicago

($ in millions)

Worldwide	1985	1984	% chg
Sales	40,715	38,828	4.9
Net income	1,303	1,455	(10.4)
U.S. advertising	800	914	(12.4)

Division sales	1985	1984	% chg
Sears	28,557	28,509	0.2
Allstate	10,375	8,980	15.5
Dean Witter	2,867	[illegible]	14.5
Coldwell Banker	949	[illegible]	14.9
Sears World	226	[illegible]	24.9
Corporate	188	170	10.6

Sears, Roebuck & Co. hopes further expansion of its financial services business, as well as upgrading of its retail stores, will improve future earnings growth as the company enters its second century of business.

So far, however, the national rollout of Chicago-based Sears' Discover credit and financial services card has dampened earnings in 1986, with a full-year Discover loss anticipated by the company.

The nation's largest retailer—and its No. 4 ad spender—decreased its U.S. ad budget in 1985, to an estimated $800 million from a revised $913.7 million in 1984. (The figure does not include the cost of producing its catalogs.)

The budget includes some $500 million spent on local run-of-press and preprint newspaper advertising.

Worldwide, Sears spent $975.3 million, up 5.4% from $925.1 million in 1984, according to the company. Sears indicated the worldwide figure excluded catalog costs, and the company broke down the figure into $500 million for the merchandise group's newspaper budget and $250 million for the merchandise group's broadcast budget. Of the remaining $225 million, Allstate accounts for $30 million; Coldwell Banker, $11 million; Dean Witter, about $8 million, and minor 1985 contributions for Discover and international.

The company would not further identify the breakout. Often overhead expenses such as salaries, office costs, rent and travel are included in such published figures.

Sears in 1985 changed its media strategy somewhat, reducing upfront network tv buys 29%, while sharply increasing magazine spending. Spot tv spending also was down 82%, to $5.9 million.

Sears continues to be among the largest network radio advertisers and has continued its historic dependence on newspaper inserts and display ads as evidenced by the $500 newspaper budget.

Sears' 1985 returns—an increase of 4.9% in revenues and a decline of 10.4% in income—are attributed to what Sears chairman Edward Brennan termed "the most competitive environment in retailing history." A weaker economy and increased competition has hurt Sears so far this year. In the half ended June 30, net income dropped 1.8%, to $480.2 million, although revenues increased 8.3%, to $20.14 billion. Net income declines also were blamed on costly startup investments in Discover, for which Sears expects to post a 1986 aftertax loss of $115 million.

Sears serves more than 40 million customers with one or more of its five operating units. The largest, Chicago-based Sears Merchandise Group, operates 799 retail stores, as well as catalog sales outlets and specialty paint/hardware, appliance and computer stores.

Other units are the Allstate Insurance Group, Northbrook, Ill., a property-casualty, life and commercial insurer; Coldwell Banker Real Estate Group, Los Angeles, a nationwide real estate company; Dean Witter Financial Services Group, New York, a stock brokerage and consumer deposit and lending operation that also administers the Discover Card, and Sears World Trade, a Chicago-based import-export consultancy.

The merchandise group's retail, credit and international operations in 1985 represented 65.2% of Sears' total revenues and 58.8% of its net income. Division revenue growth in 1985 was up only 0.16% from 1984, while net income suffered a 15.4% decline. Flat retail sales and lower gross margins were among conditions primarily in the merchandising side of the group that led to the decline in net income. The credit and international sides showed gains in net income. For the first six months of 1986, the merchandise unit reported net income of $208.3 million, a 2.8% drop, on revenues of $11.99 billion, up 1%.

The group in 1985 also accounted for most of the $219.2 million in measured media spending. Newspaper display ads and inserts are not included in that total, but the company said it spends an additional $500 million on such advertising.

The sluggish sales climate has made retailing even more competitive. Sears has been pummeled by assaults from specialty stores as well as off-price discounters. In an effort to upgrade its image, the company continues expansion of its "Stores of the Future" concept, in which units are remodeled and updated to give them a more contemporary look. Sears at yearend 1985 had 206 such remodeled stores and expects to revamp 79 more units in 1986. Analysts have said anticipated sales gains in the remodeled units have proved disappointing, although the company says it is pleased with the program.

Separately, Sears this year plans a more rapid expansion of two smaller "Stores of the Future" concepts, in which certain units in small and medium-sized markets are remodeled to handle merchandise tailored to that market's needs. It opened one store last year in Piqua, O., a 40,000-sq.-ft. prototype store for markets with populations of 75,000 to 100,000, and plans 10 more this year.

The smaller 10,000-sq.-ft. stores, serving communities of 25,000 to 50,000 with mainly hard goods, were tested in four locations last year; Sears plans 50 more conversions during 1986. A Sears spokesman says these smaller-scale conversions were "exceeding expectations."

Sears has maintained its franchise in the automotive, hardware, tools and appliance categories with proprietary brands such as DieHard, Craftsman and Kenmore, and execs there say a key strategy is to rely more heavily on branded products unavailable at other retail stores.

The apparel business, however, has been more difficult. The company suffers from its image as a blue-collar clothier. Clothing and other soft goods reportedly account for one-third of merchandise group sales—a figure Sears would not confirm.

In response, Sears has placed a greater marketing emphasis on women and has increased its inventory of both private-label, lower-priced clothing to avoid direct competition with mainline department stores. It also has split apparel buying and marketing functions into two separate areas, women's clothing/shoes and men's/children's clothing.

The company will spend more than $5 million annually promoting a new Stefanie Powers clothing line, endorsed by the actress, in ads from Needham Harper Worldwide, Chicago, agency for soft goods.

Ogilvy & Mather, Chicago, handles Sears' hard lines, as well as its Business Systems computer-store unit. Both agencies continue to use ads themed "There's more for your life at Sears" and have added a special logo commemorating the company's centennial anniversary.

Sears this year hired O&M Promotions as its first sales promotion agency of record. It continues to retain Vince Cullers Advertising, Chicago, and J. Walter Thompson Co.'s Hispania Advertising, New York, for black and Hispanic advertising, respectively.

As of December, 1985, Sears operated 390 full-line retail stores, 355 medium-sized stores and 54 outlets selling exclusively hard goods such as hardware and appliances. In addition to those locations, the company has diversified with in-store and stand-alone retail concepts.

Sears had 103 of its Business Systems computer retail centers operating in 34 states at yearend, and downturns in the "highly volatile" industry have stalled expansion plans for the chain, which originally had planned to add five units in 1986. Advertising via O&M has been restricted mainly to newspapers, with minimal outdoor support.

The company is moving more aggressively in the paint and hardware markets, long the mainstay of its regular retail stores. Sears Paint and Hardware Centers had just 11 units at yearend 1985 in California, Illinois and the New York area but plans 50 more outlets this year in six markets: Atlanta, Boston, Chicago, Denver, New Orleans and Washington. No agency has been assigned to the Paint/Hardware Center account, which uses print advertising created in-house.

In addition to 109 company-owned surplus stores, Sears also franchises in-store dental and optical departments at many locations. As of July 31, 1986, franchised dental centers operated in 65 Sears stores, with 15 to 20 more locations pending, while more than 500 optical centers are located in nearly every major market.

At each of its varied retail locations, 62% of 1985 merchandise sales on average were charged on Sears credit cards, compared with 58.9% in 1983. That increased reliance on credit may help Sears improve its ability to cross-sell financial services and investments.

Sears' marketing of its diversified array of financial services has evolved from an emphasis on convenience of locations within Sears stores to a strategy based on promoting the separate units—separately or jointly—as stand-alone entities. The Sears Financial Network, an umbrella organization for Allstate, Coldwell Banker and Dean Witter, was created to promote the units as "members of the Sears family of companies" in ads from Foote, Cone & Belding, Chicago.

The unit spent $5.5 million in measured media during 1985, way down from $15.4 million in 1984, and this year began sharing split-30 tv spots with each of its three members. The financial network in 1985 eliminated magazine advertising, measured at $2.5 million in 1984; cut network tv in half to $4.5 million, and sliced spot tv from $3.4 million to $742,500, according to Leading National Advertisers. In coming months, Sears plans to scale back its role as a marketing umbrella, giving each of its members primary responsibility for promoting the affiliation with Sears.

Separately, the company in April formed a new Sears Home Mortgage subsidiary, combining mortgage lending and insurance operations of Allstate, Coldwell Banker and Sears Savings Bank in California with mortgage investment units of Dean Witter. The new mortgage company plans no consumer advertising.

Allstate gave its own advertising a facelift in early 1986, fine-tuning its annual campaign from Leo Burnett USA, Chicago.

The 55-year-old insurer continued its "You're in good hands with Allstate" theme, used since 1950, but unified the effort with a broader range of spots highlighting its varied insurance products. "Leave it to the good hands people" also was added to copy promoting the company. Allstate ads earlier had focused on quick claims service for disaster coverage and on the convenience of locations within Sears stores. Ad spending grew 7% to an estimated $31.5 million, for 1986.

Allstate earnings have been hurt by industrywide losses from disaster claims: The unit's 1985 net income fell 8.5%, although revenues grew 15.5% to a new high. Allstate is the second largest personal property-casualty insurer, with a 10.2% market share, behind State Farm Mutual Insurance Co., Bloomington, Ill. The bulk of that business is written in auto insurance (70.8%), followed by homeowner coverage (17.9%).

A key strategy is to increase Allstate premiums by expanding its number of agents and sales offices. At yearend, Allstate had 4,760 total sales locations, including independent agents and 1,130 offices in Sears stores and Allstate sales outlets.

Coldwell Banker Real Estate Group, with 714 retail locations including 229 in Sears stores, improved both revenues and net income in 1985 because of lower interest rates and a favorable home-buying climate. The Los Angeles-based unit's revenues jumped 14.9%, while net income increased 13%. Its ad budget remained at $11 million, as BBDO/West, Los Angeles, mounted an image campaign featuring montage shots of varying homes, each with a Coldwell Banker "for sale" sign in front.

The unit's share of home resales was 7.5% in 1985, compared with 6% a year earlier, and the company forecasts a 9.8% share for 1986. The total residential resale market grew 12% in 1985, to 3.2 million units.

Commercial real estate sales will be bolstered by eight additional offices in new or existing markets opened in 1985 and another 10 planned this year.

Dean Witter Financial Services Group, New York, proved the most active of Sears Financial Network members last year, due mostly to expansion of its Discover card backed by an estimated $50 million ad budget handled by J. Walter Thompson USA, Chicago.

Discover, introduced late in 1985 to Atlanta and San Diego test markets, has mounted an extensive media and direct mail campaign to sign up new cardholders with no annual fee and to urge them to use the card.

By August, Sears had signed up 4.7 million cardholders and planned by yearend to reach 22 million prospective customers through direct mail pitches. The mailings are sent to current Sears clientele. The company by August had reached agreements with 280,000 businesses to accept the card, which also can be used to make deposits and issue cash advances.

The Discover campaign's second phase, begun in August, is themed "the smart move" and encourages use of the card while heralding its belated entry into the New York market.

In 1985, Dean Witter earned net income of $13 million, following a $33 million loss a year earlier, on revenue growth of 14.5%.

Dean Witter's stock brokerage and other services at yearend were available at 683 locations, including 308 in Sears stores. The emphasis on consumer retail sales for Dean Witter was apparently the work of Robert Gardiner, who retired Sept. 1 as chairman. Mr. Gardiner, who also presided over a wave of defections in Dean Witter's investment banking division, was replaced by Philip Purcell, president and chief operating officer.

At the corporate level, 1985 saw many top-level changes. Edward Brennan moved to chairman-ceo of parent Sears, Roebuck, from president-chief operating officer, succeeding Edward Telling, who retired. Richard Jones replaced Mr. Brennan as president, retaining his title as chief financial officer.

In the Sears Merchandise Group, Michael Bozic in March was named president and chief administrative officer, a new post, after serving as president of Sears Canada Ltd. He was succeeded by G. Jo[illegible]ddington, formerly senior [illegible]inistration &

Perspectives from an ANA director

Taxation a major threat to advertising

John Powers, vp-general manager of marketing in the consumer products division at Eastman Kodak Co., says he sees the threat of taxing advertising and defending First Amendment rights as special priorities for the Assn. of National Advertisers.

"A lot of laws are being put in place for the taxing of advertising," says Mr. Powers, who is a member of the ANA membership eligibility committee, executive committee and the advertising management standing committee.

"Washington made no bones about needing revenue from advertising if it can't get it from other means. States are doing the same thing. To protect advertisers, we at the ANA are keeping our ears attuned as we represent member advertisers," he says.

While taxes may be the biggest threat, infringement of constitutional rights also is a concern.

"Our lobbying group is keeping us apprised on First Amendment rights, such as the ban on cigaret advertising," says Mr. Powers, who was previously senior vp and management director at Leo Burnett Co.

John Powers
Eastman Kodak Co.

Mr. Powers, who was named Communicator of the Year in 1982 by Marketing Communications Executives International, has firm opinions on other advertising issues. On the trend to more in-house media buying, the Kodak executive says, "We continue to look at that and keep up to date, but we haven't seen the need to do that [go in-house]. We are doing more in-house media planning with our recent organizational changes . . . which require more coordination."

Regarding the trend toward diversion of media budgets to nonmedia promotions, Mr. Powers says he sees changes.

"The whole industry is getting smarter about user groups and targeting them. This is due to better research and new media use. It is folly to think we have users who buy three rolls of film per year and those who buy 150 rolls and attempt to reach them with the same message," says Mr. Powers, who is a journalism graduate of the University of Iowa.

planning for Sears Merchandise Group in the U.S.

In its third year of operation, Sears World Trade posted net losses of $11 million, compared with a $25 million loss a year earlier, on revenues of $236 million, a 24.9% gain. The unit added agricultural and industrial trading capabilities to its consumer goods activities and acquired certain portions of Netherlands-based Hagemeyer N.V., a trading company formed in 1901.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$19,190	$21,919
Newsp. supp.	862	569
Bus. pubs.	875	705
Network tv	122,657	172,446
Spot tv	34,421	33,552
Network radio	20,803	8,630
Spot radio	16,505	10,078
Outdoor	430	332
Network cable	4,340	3,120
Total measured	220,083	251,350
Unmeasured	579,917	662,307
Total	800,000	913,657

SEARS, ROEBUCK & CO.
Sears Tower
Chicago, Ill., 60684
(312)875-2500

SEARS MERCHANDISE GROUP
Chicago
Marketing Personnel

William I. Bass, chmn & ceo-merch group
Michael Bozic, president, chief admin officer
Joseph Batogowski, sr exec vp-merch
Thomas E. Morris, vp-mktg
Ralph Hoch, natl retail genl merch mgr
Theodore Weldon, natl catalog genl merch mgr
William Cora, natl retail adv mgr

Advertising Agencies

Vince Cullers Advertising, Chicago—black consumer adv—Jeffrey Cullers, mgmt super.

Hispania Advertising, New York, (subsidiary of JWT USA)—Caroline Demy, sr vp-genl mgr; Marta Perez Gerdez, acct super, Chicago; Nancy Chalfin, acct rep.

Needham Harper Worldwide, Chicago—apparel, home fashion, merch group—David Snell, group acct dir; Carole Black, mgmt rep. Apparel—Tom Hayden, acct super; Catherine Herrman, acct exec, childrenswear; Stan Murton, acct exec, menswear; Ann Sundet, acct exec, womenswear. Home fashion—Nancy Bernstein, acct super; Debbie Aymar, acct exec. Merchandise Group—Mike Baker, acct super.

Nellson-Woodward, Chicago—Yellow Pages adv—Garry Woodward, acct exec

Ogilvy & Mather, Chicago—hard lines, Sears Business Systems Centers—Bill W[illegible]ney, exec vp-managing dir; Allan Mager, sr vp-group dir. Sears Business Systems Centers—Robert Vail, vp-mgmt super; Brenda Miller, acct super. Automotive and recreation—Robert Vail, vp-mgmt super; Don Campbell, acct super; Ole Riise, acct exec. Home improvements—Dan Delaney, vp-acct super; Paula Serios, acct exec. Appliances and electronics—Randy Seffren, vp-mgmt super; Jeff Totaro, acct super; Colleen Kelly, Bill Valtos, acct execs.

Ogilvy & Mather Promotions, Chicago—sales promotion—Mike Slott, vp-managing dir; James Neidorf, dir mktg; Cathy Parks, Brett Meeker, acct execs.

Stern Walters/Earle Ludgin, Chicago—Sears catalogs and contract sales—Maryanne Friend, sr vp-mgmt rep; Tom Radloff, vp-acct super.

Stone & Adler, Chicago—direct mktg—Catherine Bartholow, vp-group acct dir.

SEARS FINANCIAL NETWORK
Chicago
Marketing Personnel

Donald Holmes, mktg mgr

Advertising Agency

Foote, Cone & Belding, Chicago—Greg Blaine, group acct dir; Lance Hecker, acct dir.

ALLSTATE INSURANCE GROUP
Northbrook, Ill.
Corporate Personnel

John K. O'Loughlin, sr exec vp

Marketing Personnel

John Flieder, asst vp-adv
Terre Tuzzolino, adv dir
Edward R. Kuby, vp-prod mktg
William Henderson, vp-mktg sales
John R. Boje, asst vp-mktg sales
J.E. Britt, asst vp-mktg sales
R.J. Young, asst vp-mktg sales

Advertising Agency

Leo Burnett USA, Chicago—Ron Sims, acct dir; Nancy Voorhees, Ashton Lee, acct supers; Jim Gregory, Kenneth Schmid, acct execs.

COLDWELL BANKER
REAL ESTATE GROUP
Los Angeles
Marketing Personnel

Fred Morasche, vp-mktg

Advertising Agency

BBDO/West, Los Angeles—Patrick Rogge, sr vp-mgmt super; Karen Sharp, vp-acct super; Madeline Greenberg, acct exec.

DEAN WITTER FINANCIAL
SERVICES GROUP
New York
Marketing Personnel

Nancy S. Donovan, exec vp-mktg dir
William Walsh, vp-dir adv
Ernest Campo, dir-adv, Discover Card Service
William Salter, vp-mktg services, Discover Card Service
Richard Wright, vp-mktg, Sears Savings Bank, Glendale, Cal.

Advertising Agencies

Lord, Geller, Federico, Einstein, New York—Dean Witter corporate adv—Bruce Albert, sr vp-mgmt dir; Moira Hearne, Judith Ehrlich, mgmt supers; Edra Haynes, acct coord; Brian Magalski, acct exec.

J. Walter Thompson USA, Chicago—Discover Card Service—Bruce Beach, Bill Hooe, sr vp-acct dirs; Dinny Cosyns, vp-acct dir; Nancy Limberg-Meyer, acct super, consumer; Sally Smith, acct super, trade; Tom Condon, Marcie Pollman, acct reps.

RANK
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Sterling Drug

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,754	1,726	1.6
Net income	110	143	(23.5)
U.S.	**1985**	**1984**	**% chg**
Sales	1,144	1,086	5.3
Operating profits	190	164	15.8
Advertising	225	221	1.7
Division sales	**1985**	**1984**	**% chg**
Pharmaceuticals	289	288	0.4
Proprietary prods.	280	273	2.6
Household prods.	566	516	9.7
Sterling Int'l	857	891	(4.9)

Sterling Drug's household products segment was the major bright spot in what was otherwise a lackluster performance in 1985 by the pharmaceutical company—1.6% growth in sales and a 23.5% decline in net income. Advertising and promotion spending was maintained at 1984's level.

Sales for the household and other products segment, which oversees marketing of such products as Lysol, Minwax, Mop & Glo, Perk floor care, Resolve carpet cleaner and Tussy Roll-on, rose 10% and operating profit increased 11%—spurred by a strong fourth quarter during which two new products were introduced under the Lysol banner.

The segment represented 32% of worldwide sales and 36% of over-all operating profit, up from 30% and 35%, respectively, in 1984. The segment also could boast of a total measured advertising budget slightly higher than that for proprietary products. Sterling's worldwide sales of $1.75 billion in 1985 still trails the record $1.76 billion reached in 1983. Operating income of $277.7 million in 1985, up 8.8% from 1984, continues to reach higher levels each year.

Proprietary products increased sales nearly 2.6% and operating income 50% or $40.5 million over the year-earlier period. The huge improvement in operating income came partly at the expense of reduced spending in advertising and promotion, but also from a boost in Bayer sales. A Food & Drug Administration ruling that expands the list of medical benefits for aspirin is likely to stimulate sales in 1986; however, Panadol sales have slumped.

In household products, the Lysol lineup was augmented with the intro-

IT TAKES A GREAT COMBINATION
TO MAKE A GREAT PRESENTATION.
Panasonic
Industrial Company

duction of Lysol Laundry Sanitizer, launched in late April and backed by a $10-plus million media campaign from Lowe Marschalk, New York, and $20 million in promotional spending to play up the theme "Not only whitens clothes but kills most germs." This marked Lysol's entry into the $50 million bleach market in which Oakland, Cal.-based Clorox Co.'s Clorox and Clorox 2 brands combined hold a commanding 57.2% share of market.

The traditional Lysol disinfectant product also has gained footing in the liquid bleach market, by positioning itself as a household disinfectant for laundry use as well. But Lysol Laundry Sanitizer, which claims to reduce household germs in the wash by 99.9%, is the first Lysol product specifically designed for use in the laundry. It has already become the No. 3 product within its market segment.

Advertising launching Lysol Cling thick liquid toilet bowl cleaner began in the national media in March, 1985, with $4.3 million in measured media backing. It forms the second part of a one-two punch in the liquid toilet category, after its kin product, Lysol toilet bowl cleaner. Cling's aromatic scent helps to position it as a toilet bowl cleaner-room deodorizer, while Lysol Regular is targeted for heavy-duty cleaning use.

Lysol spray disinfectant, the flagship product in the Lysol line, experienced strong sales, bolstered by a new campaign and close to $8 million in measured spending. Lysol deodorizing cleaner, now marketed as a cleanser that also disinfects, also received a new campaign and close to $6 million in media backing. Lysol Pine Action cleanser appeared in new packaging, which features a push-pull dual action applicator built into the twist-off cap. Total measured media spending for all Lysol branded products was $33.7 million, up from $32.4 million in 1984.

Sales of Love My Carpet rug and room deodorizer declined as the Lehn & Fink division introduced a reformulated and repackaged version in an effort to boost sales in March, 1985. Media spending totaled $3.6 million, up from $513,000 in 1984. Pretty as a Picture room air freshener was taken off the market.

The d-Con Co. recorded only moderate increases in sales, which company reports blamed on a cool, dry summer season with fewer pests. Mouse Prufe II was launched nationally in the spring of 1986 with $5.4 million in media ad backing. The entire d-Con line received only $5.3 million in 1985, down 7%. The d-Con brand holds a 10% share of the $637 million insecticide market, a category dominated by S.C. Johnson's Raid, which holds a 45%-plus share, while American Home Products' Black Flag line has a 20% share.

Resolve foam carpet cleaner was introduced last June. It is a companion product to d-Con's Resolve carpet cleaner designed for high traffic areas. The Resolve line had close to $3.7 million in measured media support.

One of Sterling's moist towelette products, Chubs, is the leader in pop-up moist towelettes for the baby-care market, recording double-digit sales increases. It was helped by $2.4 million in measured media spending, about level with 1984 expenditures.

Lehn & Fink, which achieved double-digit growth in sales, supported its Ogilvie haircare line with $5.4 million in measured media, up from $4.6 million in 1984. Ogilvie products received greater distribution and stepped up in-store promotion in 1985. The division's Tussy deodorants and antiperspirants received $3 million in ad backing, down 17%. Minwax Co. sales grew as new entries—carryovers from successful launches in the U.K.—entered the market. Minwax Polyshades stain and polyurethane, a new one-step product, completed its first full year on the market, and Minwax high performance wood filler was introduced last August. The Minwax line's media expenditures totaled $4.2 million, up 13.5%.

In the proprietary products segment, where sales bounced back from a decline of 8% from 1983 to 1984, Sterling got good mileage out of Bayer but experienced a decline in sales of acetaminophen-based Panadol. Sterling's worldwide otc analgesic advertising was consolidated at SSC&B:Lintas Worldwide. The agency move is part of a corporate effort to promote Sterling's mild-to-moderate analgesic proprietary drugs.

Bayer aspirin products, which received $13 million in measured spending, up from $12 million in 1984, holds an estimated 8% to 9% share of the about $1.6 billion U.S. analgesics market. Bayer's share has climbed in recent months following FDA approval in October of Sterling's petition to advertise to and advise the health profession on the use of aspirin to prevent heart attacks in certain high-risk individuals.

The Glenbrook Laboratories arm of Sterling has distributed 2.5 million patient booklets and sent Bayer samples to physicians and expects requests to reach the 10 million mark this year. Glenbrook also launched new advertising for Bayer with the theme, "The wonder drug that works wonders." Broadcast spots are based on a survey of doctors given a choice of two Tylenol brands, Advil or Bayer, if they were suffering from headache while stranded on a desert island. As the ads sum up, "Doctors chose Bayer, the wonder drug. Shouldn't you?"

Though climbing in share, Bayer has suffered from a category crowded with analgesic entries, most notably the debut of the ibuprofen-based products such as Advil (American Home Products) and Nuprin (Bristol-Myers). It has been reported that Sterling is expected to enter the fray with its own ibuprofen-based product. Company spokespersons declined to comment.

The second big proprietary product, Panadol, received $13.5 million in measured ad support, down from $20.4 million in 1984. The children's line for Panadol solidified its No. 2 position (after Johnson & Johnson's Tylenol), with its alcohol, sugar and aspirin-free formulations. Adult Panadol also faced aggressive competition from adult Tylenol, which is said to hold a 30% share of the market. Adult Panadol holds an estimated 2% share with $30 million to $40 million in sales, according to Robert W. Kirkpatrick Jr., senior vp, Duff & Phelps, Chicago.

Glenbrook Laboratories' Midol brand of menstrual pain relievers continued to lead that category, with close to $4 million in measured media backing, nearly the same as in 1984. Two line extensions, Midol Maximum Strength for cramps and Midol PMs, both were reported to be performing well.

Last October, Glenbrook introduced a new product into the women's antacid market, Calcitrel antacid, a sodium-free product with calcium. The Cunningham & Walsh campaign focused on network tv and print.

The maximum-strength version of Stri-Dex cleansing pads completed its first full year on the market, helping to increase sales of the brand. The Stri-Dex line received $2.6 million in measured media spending, up from $1 million in 1984.

Another product that completed a full year on the market, Lax Caps laxative, also helped to boost the performance of the Phillips' line (Milk of Magnesia), with more than $3.5 million in media support.

In the Winthrop division, Neo-Synephrine nasal decongestants offered a spray that provides dosage strength for all family members with measured media support of $1.7 million; Campho-Phenique antiseptic gel was repositioned as an aid in the fight against cold sores, receiving a $2.1 million media budget. The pHisoDerm skin cleanser line added an oily skin formulation to its regular and light-scented versions. The brand was backed by $4.2 million in measured media, up from $2.9 million in 1984.

Sterling sold Bayer AG, the West German company that owns Miles Laboratories, the right to buy back partial rights to the Bayer trademark in the U.S. for $25 million. Bayer's stateside trademark rights were abrogated by World War I. Bayer now can use its name on industrial products and chemicals; Sterling will continue to market its aspirin product under the Bayer name and symbol in North America.

In the pharmaceutical specialties segment, Sterling is awaiting approval from the FDA for an intravenous form of milrinone, used for the short-term treatment of congestive heart failure. An oral form of milrinone is in the advanced stages of clinical trials, and a new drug application for the oral form is expected to be filed by the end of the year. According to Value Line Investment Survey analysts Keith A. Markey and Rudolph C. Carryl, it "could be a blockbuster . . . because it has a broader therapeutic range and less toxic side effects [than digitalis], the only other drug in its class." Milrinone would be marketed under the Corotrope brand name.

Sterling announced the sale of its Hilton-Davis chemical business in Jan. 1986. Sterling also approved the sale of the optical brighteners component of Hilton-Davis to Mobay Chemical Corporation, a subsidiary of Bayer A.G., for $7.5 million.

Sterling formed a new worldwide organization, Sterling International, comprised of four subgroups responsible for various geographic segments. Sterling International, which markets products in more than 125 countries, had international sales representing 38% of Sterling's business and 24% of its operating profits last year, after currency conversion.

In August, 1985, Sterling elected James P. Stoker to the position of corporate vp-quality. He had been the corporate director-quality. Lawrence W. Chakrin was elected corporate vp-research, after serving as president of the Sterling Research Group. Joseph Scarlata, a corporate vp, became senior vp of Sterling Pharmaceutical Group. Harry Shoff became president of the Winthrop-Breon Laboratories division. Michael R. Gallagher became senior vp of Lehn & Fink Products Group, after serving as president of the group's consumer products division. Richard Gaccione succeeded Mr. Gallagher, becoming president of the consumer products division after having served as vp-marketing.

Sterling purchased 103 acres of land in River Vale, N.J., for $8.6 million, which will be the site of a new world headquarters to be occupied in 1990.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$11,386	$9,844
Newspaper	701	1,380
Newsp. supp.	364	534
Bus. pubs.	179	56
Network tv	80,980	83,565
Spot tv	14,752	16,583
Network radio	3,749	1,189
Spot radio	1,980	817
Outdoor	0	11
Network cable	1,981	117
Total measured	116,073	114,095
Unmeasured	108,867	107,012
Total	224,940	221,107

STERLING DRUG
90 Park Ave.
New York, N.Y. 10016
(212) 907-2000

GLENBROOK LABORATORIES DIVISION

Corporate Personnel

Robin D. Mills, president

Marketing Personnel

Harvey D. Homan, group prod mgr, new prods
Albert R. Kelly, group prod mgr
Robert A. Pearlman, dir-mktg
Christina R. Hewes, group prod mgr

Advertising Agencies

Cunningham & Walsh, New York—Phillips' line, Calcitrel—James A. Friedman, vp-acct mgmt super; Roger D. Groves, vp-dir acct mgmt; Tara Hansen, Peter Hubell, acct execs.

Dugan/Farley Communications Associates, Montvale, N.J.—medical communications—John P. Dugan, president.

Font & Vaamonde (Spanish), New York—Bayer line, Phillips' line, Panadol—Pedro Font, president.

Lowe Marschalk, New York—Diaparene line—Barry R. Linsky, exec vp-dir acct mgmt; Peter A. Deteis, mgmt super; Terry S. Levine, acct super; James Overand, acct exec

SSC&B, New York—Bayer line, Panadol—Alan R. Grazio, exec vp; Elliot G. Dorfman, sr vp-mgmt super; Anne Schoonover, Bruno Velcick, Stephen G. Barrett, acct supers.

Warwick Advertising, New York—Stri-Dex—Wilder D. Baker, president; Sean Driscoll, sr vp-group mgmt super; Victoria M. Amon, vp-mgmt super; Douglas E. Sweetbaum, acct super.

LEHN & FINK PRODUCTS GROUP
Montvale, N.J.

PERSONAL PRODUCTS DIVISION

Corporate Personnel

Herb Waller, president

Marketing Personnel

Peter Stearns, vp-mktg
Mort Weisburd, vp-sales

CONSUMER PRODUCTS DIVISION

Corporate Personnel

Richard F. Gaccione, president

Marketing Personnel

Joseph Healy, category dir, disinfectant/air fresheners, bath/bowl category
Alfred J. Callegari, category dir, floor/rug, towelette category
Jim Murphy, new prod dir

INDUSTRIAL PRODUCTS DIVISION

Corporate Personnel

John J. McAllister, president

Marketing Personnel

Bruce Salerno, vp-mktg
Donald Nowlin, vp-sales

MINWAX CO.
Montvale, N.J.

Corporate Personnel

Donald H. Henderson, president
Peter Black, exec vp

Marketing Personnel

Ridgely W. Harrison III, vp-sales
Paul R. Righter, vp-construction prods div

The d-CON CO.
Montvale, N.J.

Corporate Personnel

Earle K. Borman, president

Marketing Personnel

John J. McFadden, vp-sales dir
John Harwood, new prod dir
Marvin Matises, dir-mktg
John Caputo, prod mgr, rodenticides
Thomas Murphy, group prod mgr, insecticides and Resolve

Advertising Agencies

Cunningham & Walsh, New York—Ogilvie, Tussy, Dorothy Gray—Tony Chevins, chmn, ceo; Hank Malfa, president; Rodger Groves, sr vp-dir of acct mgmt; Jim Friedman, vp-mgmt super; Carole Foxley, acct super; Leslie Delafield, Tony Cindrich, acct execs.

Gilbert, Whitney & Johns, Whippany, N.J.—Minwax consumer & industrial prods—John Mimnaugh, exec vp.

Jordon, Manning, Case, Taylor & McGrath—Wet Ones, Chubs—Judy Neidert, acct super.

Lowe Marschalk, New York—Lysol Pine Action, Lysol Laundry Sanitizer—Michael Lesser, COB, ceo; Andrew Langer, president; Marshall Kapp, exec vp, Barry Linsky, exec vp.

Ramm Advertising—Rid-X Septic Aid, Energine Spot Removers—Ed Ramm, president; Jack Hernish, vp.

SSC&B, New York—Lysol prods, Love My Carpet, Beacon Wax, Mop & Glo, Perk—Robert Watsworth, exec vp; John Barnes, vp-mgmt super; Ray Hilton, Tom Perlstein, Doug Harting, acct supers; Kevin Driscoll, David Knise, acct execs.

Warwick Advertising, New York—insecticides, rodenticides, and Resolve carpet cleaners—Peter Black, sr vp-mgmt super; Richard Lamley, vp-acct super; Joseph Kensil, Joanne Dionissiou, acct execs.

WINTHROP-BREON LABORATORIES
New York

Corporate Personnel

Harry Shoff, president

Marketing Personnel

Herbert E. Smith, vp-sales
Robert J. DeLuccia, vp-mktg

Advertising Agencies

Carrafiello-Diehl Associates, Tarrytown, N.Y.—Talacen, Talwin Nx, Talwin Injection—John S. Carlucci, vp-mgmt super; Martin S. Stevens, group acct super.

Dorritie & Lyons, New York—Tornalate—Jeff Apton, acct super.

Lavey, Wolff, Swift, New York—Neg-Gram, Danocrine, Demerol, pHisoHex, Hypaque, Telepaque, Bilopaque, Amipaque, Omnipague—Charles Rockefeller, sr vp.

WINTHROP VETERINARY

Corporate Personnel

H. Dwight Koger, exec vp

Marketing Personnel

Michael Beaudrias, prod mgr, ethical
Bron Zienkiewicz, mktg and sales mgr, consumer

Advertising Agency

Sawyer, Riley, Compton, Gainesville, Ga.—veterinary pharmaceuticals & disinfectants, pet care prods—Louis Sawyer, vp; Jackie Thomas, acct super.

WINTHROP CONSUMER PRODUCTS DIVISION
New York

Corporate Personnel

Karl A. Brautigam vp/gen mgr

Marketing Personnel

Susan D. Molofski, dir mktg
Melanie J. Lover, sr prod mgr
James I. Steinberg, prod mgr
Barry C. Cohen, asst prod mgr

Advertising Agencies

Cunningham & Walsh, New York—Neo-Synephrine brand, pHisoDerm, pHiso-PUFF—Nat Allen, vp-dir; Diane Whitehead, mgmt super.

Warwick Advertising, New York—Campho-Phenique, new prods—Kyle Felt, exec vp; Walker Berwick, mgmt super.

RANK **74**

Stroh Brewery Co.

Detroit

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,600	1,600	0.0
Net income	N/A	N/A	N/A
U.S. advertising	113	138	(17.9)

Stroh Brewery Co. began to search aggressively for new growth areas during 1985, a year in which it held onto the No. 3 spot among brewers despite a slip in market share.

Privately held Stroh, which produces 12 brands of beer and six line extensions, isn't limiting its growth to the beer industry, which has endured four straight years of flat sales. The company became a major player in the cooler segment by the end of 1985 and early in 1986 entered two other categories, nonalcoholic malt beverages and juice-added soft drinks.

Stroh's beer shipments slipped from 23.9 million bbls. in 1984 to 23.4 million bbls. in 1985, a decline of 2.1%, in an industry in which total shipments were up less than 1% for the year. Stroh's share of the domestic beer market was 13.1%, down from 13.4% the previous year. It trailed Anheuser-Busch, St. Louis, with 38.1%, and Philip Morris' Miller Brewing Co., Milwaukee, which held a 20.8% share.

Stroh positioned itself for profitability, even if beer sales remain stagnant, by closing its aging hometown brewery in 1985 to eliminate an overcapacity problem and allow it to compete in a price-cost environment that is dictated by A-B's drive for market share. Stroh also planned by the end of 1986 to retire its debts related to the 1981 acquisition of F&M Schaefer Brewing Corp., Allentown, Pa., and 1982 acquisition of the Jos. Schlitz Brewing Co., Milwaukee, moves that catapulted the family-owned regional brewer into a national force.

The national rollout of White Mountain cooler showed Stroh's strategy of putting its resources into new high-growth categories. Introduced in March, 1985, by Stroh subsidiary Colorado Cooler Co., White Mountain cooler was taken national within four months.

It was the only malt-based cooler to perform well in the segment, which is dominated by wine coolers. White Mountain took an estimated 6% market share in 1985 despite not being widely available until midyear, and Stroh claimed its second-half shipments ranked it No. 3 with a 16% share, behind No. 1 California Cooler from Brown-Forman Distillers Corp., Stockton, Cal., and E&J Gallo Winery's Bartles & Jaymes, Modesto, Cal.

Stroh spent an estimated $7 million in media to establish White Mountain cooler during 1985, but by July, 1986, had increased its annual ad budget for the brand to $20 million. An orange flavor was added in March, 1986.

Stroh is putting additional marketing muscle behind another new product, Sundance, a "100% natural juice sparkler" introduced in California and other western states in March, 1986. Stroh planned to contribute $6 million into California during 1986 for the introduction of the 70% juice and 30% sparkling water beverage. Most entries in the juice-added category, led by PepsiCo's Slice, use a 10% juice base. Produced by Stroh subsidiary Pacific

Health Beverage Co., Sundance is available in four flavors and is being positioned between soda pop and bottled water. Stroh planned to take Sundance national by the end of 1987, with an estimated $70 million advertising and promotion budget by then.

Stroh launched two other new products in the spring of 1986. Barbican, a nonalcoholic malt beverage imported from England's Bass Brewery, was introduced in New York with plans for national rollout during 1986. The introductory $1.5 million campaign via MCA featured ex-football player Franco Harris. Stroh's goal is to expand the nonalcoholic malt beverage category, which accounted for less than 1 million bbls. in 1985.

Stroh launched another import, Konig, in several eastern states, with a campaign via MCA that highlighted the beer's status in the world's top beer-drinking country. "Konig is Germany's No. 1 selling beer. No ifs, ands or Beck's" was the theme line.

One of Stroh's strengths in the beer market is its broad product line, giving it the ability to capitalize on segments that exhibit the best volume trends. Stroh officials forecast that the price-beer segment (sold below the popular-price category) will grow from 14 million bbls. in 1985 to 20 million by 1990. Stroh completed its national rollout of price-beer Schaefer brand in February, 1985, and sales for the year were up nearly 10% to more than 4 million bbls.

Stroh also showed strength in the popular-price segment, where its Old Milwaukee brand led the category and was the No. 5 beer over-all. Sales of 7.5 million bbls. of Old Milwaukee (up 5.6% from 1984) and 1.6 million bbls. of Old Milwaukee Light accounted for nearly 40% of Stroh sales. The increase in sales occurred despite a 20.7% decline in measured advertising to $13 million in 1985.

The company ran into tougher going in establishing its flagship Stroh's brand, which went national in 1984. Sales in 1985 declined 5.7% to 5 million bbls., as full-year measured media spending for the brand declined 34% to $21 million in 1985.

In October, 1985, the company launched a major drive to establish the brand as a mainstream premium beer. The repositioning began with a $50 million, 12-month ad campaign via Lowe Marschalk, New York, that broke during the World Series telecast on ABC. The longtime Stroh's theme, "From one beer lover to another," was replaced with "Stroh's is spoken here." Waylon Jennings starred and sang in a country spot in the campaign.

The ailing Schlitz brand got little support for most of 1985 with the exception of a June regional campaign via Point Communications, Dallas, using actor Larry Hagman of "Dallas" fame saying, "I want all the gusto." In November, Stroh named Vic Olesen & Partners, Los Angeles, to do creative to revive Schlitz, which had declined in sales from a high of 13 million bbls. in 1978 to 1.5 million in 1985. Ex-football player Lyle Alzado signed on as Schlitz spokesman, and Stroh planned to spend $5 million in ad support for the brand during 1986.

Stroh took its superpremium Signature national in May, 1986, backed by a $10 million campaign that relied heavily on magazines, including an eight-page advertorial via MCA that profiled the exploits of Richard Konkolski, a Newport, R.I., sailor who made two solo voyages around the world.

The national rollout came despite slack sales in the superpremium category, which is dominated by A-B's Michelob. Signature was introduced to regional markets in the spring of 1982, and Stroh sold 150,000 bbls. of the brand in 1985 in seven eastern and midwestern states. Stroh marketing officials say a weakening of the U.S. dollar would make imports less competitive with domestic superpremiums on price.

Primo, a Hawaiian-based Stroh brand, was repackaged in Hawaii with a green bottle and a label that duplicated the one used for the beer at the turn of the century. Stroh began a stateside test of Primo in February, 1986, in Boston, where the brand was positioned in line with Canadian imports. Promotions such as "Hawaiian nights" were used for the introduction.

The $8 million to $10 million Schlitz malt liquor account was set adrift in August, 1985, when Benton & Bowles merged with D'Arcy MacManus Masius, which handled A-B's Budweiser. Stroh awarded the account in October, 1985, to MCA but in May, 1986, moved it to Chicago's Burrell Advertising, the nation's largest black-owned agency. A new campaign, themed "Smooth operator," was launched in July, 1986, and seeks a more upstream clientele. Schlitz malt liquor remained the segment leader with an estimated 36% market share in 1985, while No. 2 Colt 45, from G. Heileman Brewing Co., La Crosse, Wis., had 33%.

Another megamerger cost Stroh another agency in April, 1986. BBDO resigned the $20 million Old Milwaukee account and $80 million in Stroh media buying because of its planned merger with Doyle Dane Bernbach and Needham Harper Worldwide, which handled a $100 million-plus account with A-B. Stroh said it was pressure from A-B that had caused BBDO's resignation. Stroh awarded the Old Milwaukee creative to Grey Advertising, New York, and at press time was weighing the decision on media buying.

Stroh, looking for advertising and promotional activities that would create niches instead of always going head to head with A-B and Miller, in June, 1985, introduced the "Stroh's Circle of Sports" show on USA Network and a broadcast tv syndicate. The weekly two-hour sports magazine show, which ran for the summer, was produced by Ohlmeyer Communications Cos., New York.

Stroh also was involved in sponsorships of events such as auto and motorcycle racing, board sailing, hockey and jazz festivals.

Its most successful promotion in 1985, however, was its second annual Run for Liberty, held Oct. 12 in 127 cities and on 15 military bases. More than 135,000 runners took part in the world's largest single-day running event, with part of their entry fees going to Statue of Liberty-Ellis Island restoration project. The 1986 Run for Liberty was moved up to June 28 to take advantage of the hoopla surrounding the July 4 rededication of the statue.

Stroh was one of the sponsors of the ABC telecast of the rededication events and broke special creative that featured use of the John Lennon song "Imagine."

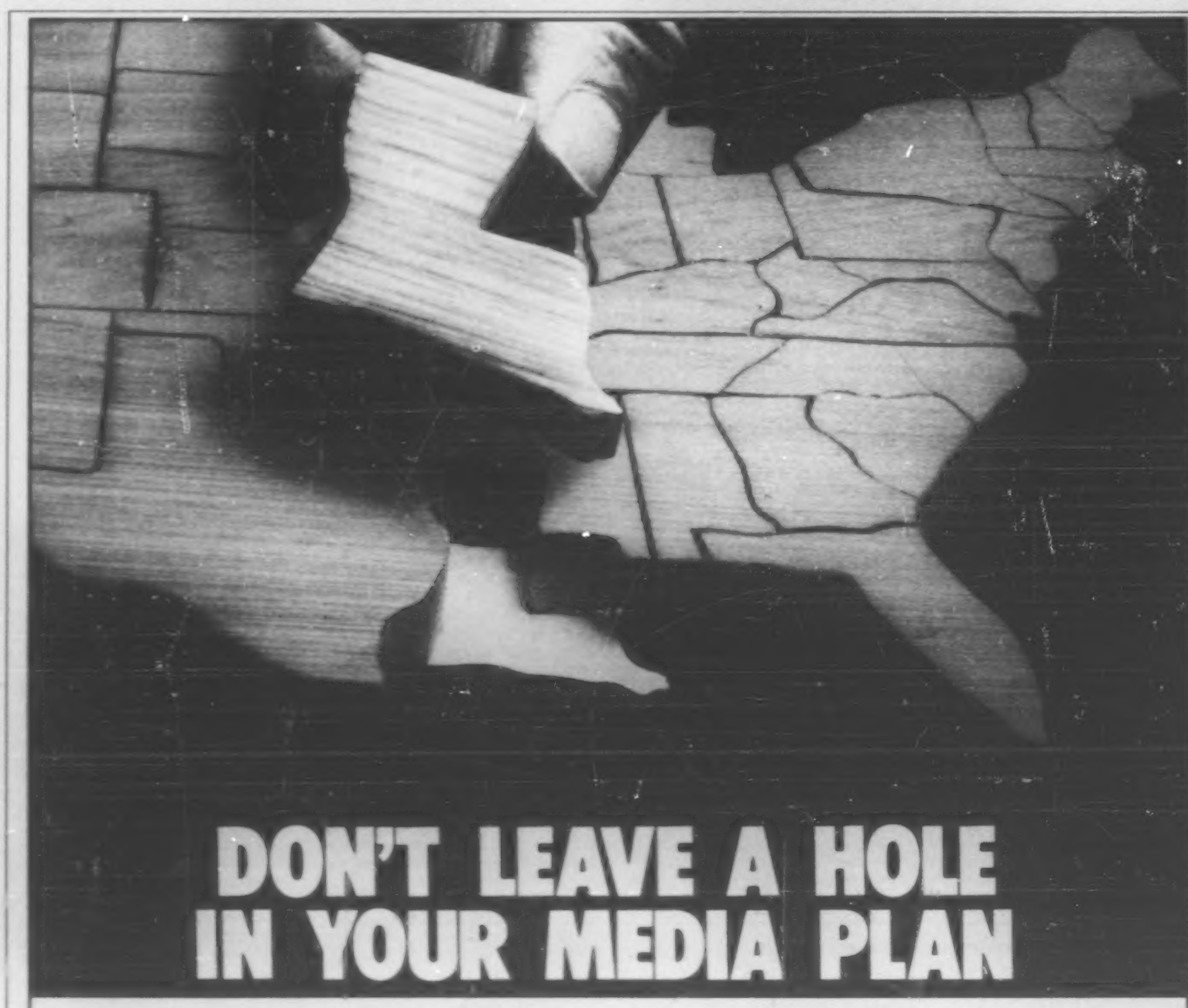
In September, 1985, acting assistant attorney general Charles Rule ordered closed the two-year investigation into Stroh's complaint about beer advertising exclusivities held by A-B and Miller on network tv sports. Stroh complained that exclusivities prevented the company from reaching its prime target, men who watch live-action sports.

Under most exclusivity arrangements, an advertiser pays a premium rate for the distinction of being the sole sponsor of its kind during a broadcast.

Since filing its complaint, Stroh has gained access to more sports, principally Major League Baseball, but Stroh officials credited that to Miller's decision to decline its previous exclusivity.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,674	$1,98
Newspaper	704	632
Newsp. supp.	77	0
Bus. pubs.	135	46
Network tv	38,110	43,101
Spot tv	9,629	12,924
Spot radio	8,098	13,47
Outdoor	1,762	3,20
Network cable	3,292	1,524
Total measured	63,480	77,322
Unmeasured	49,520	60,317
Total	113,000	137,63



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Beverly Hills, CA (213) 205-7647

STROH BREWERY CO.
100 River Place
Detroit, Mich. 48207
(313) 446-2000

Marketing Personnel

J. Wayne Jones, exec vp-sales & mktg
John Bissell, sr vp-special prods div
Richard Rogers, vp-brand mgmt
Christopher Lole, vp-genl mgr, Stroh International
J. Hellweg, vp-mktg services
Dave Martin, vp-corp media
Marsha Bass-Atwater, dir-new prods
Fred Rubner, dir, import beers
Ray Gross, dir, mkt rsch
Mike Jaeger, brand dir, Stroh's/Stroh Light
Charles Powell, brand dir, Old Milwaukee/Old Milwaukee Light
Mike Mitaro, brand mgr, Signature
Ed Kopecky, brand mgr, Goebel/-Schaefer/Piels
Marion Griffith, brand mgr, Schlitz/Schlitz Light
Mike Porter, brand mgr, Schlitz Malt Liquor

Advertising Agencies

Badillo/Saatchi & Saatchi Compton, San Juan, P.R.—Schaefer, Schaefer Light (Puerto Rico only)—Jose Colon, acct super.

Bermudez & Associates, Los Angeles—Hispanic advertising—Eduardo Bermudez ceo; Lloyd Lopez, acct exec.

Burrell Advertising, Chicago—Schlitz Malt Liquor—Don Coleman, acct super.

Grey Advertising, New York—Old Milwaukee, Old Milwaukee Light—Jordan Rosuck, acct super; Robert Sansone, acct exec.

MCA Advertising, New York—Signature, Schaefer, Schaefer Light, Erlanger, White Mountain Cooler, Silver Thunder, Barbican, Konig—Jim Hanzlik, Vic Sandham, Chuck Currey, acct execs.

Lowe Marschalk, New York—Stroh's, Stroh Light—Rob DeFlorio, acct exec; Kevin Compagna, asst acct exec.

Vic Olesen & Partners, Los Angeles—Schlitz, Schlitz Light—Eric Vonderlieth, genl mgr; Jeff Greenberg, mgr, Warren, Mich.

Pointe Communications, Dallas—Schlitz regional—Diane Hunsburger, acct exec.

Ross Roy Inc., Detroit—Sundance—Bruce Wagner, acct exec.

Wyse Advertising, Cleveland—Goebel, Piels—John Jefferson, acct super.

RANK **41**

Tandy Corp.

Ft. Worth, Tex.

($ in millions)

Worldwide	1986	1985	% chg
Sales	3,035	2,596	16.9
Net income	198	189	4.8
U.S. advertising	187	194	(3.6)

Tandy Corp. launched an image-changing campaign in 1985 with new, more business-oriented products, refurbished stores and a dress code for computer center personnel. It came on the heels of one of its worst fiscal years.

During fiscal 1985, Tandy suffered its first down year in earnings per share in the past 23 years and the first major inventory writedown in its history. As it began fiscal 1986, Tandy assembled an array of new products, such as a home satellite dish system and a transportable cellular telephone, to maximize growth opportunities.

Tandy Corp. in fiscal 1986, ended June 30, reported worldwide sales growth of 16.9% and a net income increase of 4.8% as estimated U.S. advertising dropped 3.6% to $187 million.

Tandy is the largest domestic retailer of consumer electronics with more than 9,000 outlets, two-thirds of which are company-owned. Tandy offers more than 2,700 products, over half of which are manufactured by the company, through its Radio Shack stores in North America and Tandy International Electronics overseas.

Radio Shack Computer Centers sell computers and peripherals to business customers. Tandy's recent acquisition of two brand-name appliance and consumer electronics chains signals a more aggressive push into the high-growth sector of the appliance and consumer electronics market.

In November, Tandy introduced the Tandy 3000, which is compatible and meant to compete with IBM's high performance AT. The Tandy 600 laptop was introduced in October, priced at $1,599. A Tandy spokesman said the 3000 has done well and the 600, which was understood to have a limited market, met expectations.

Margo McGlade, securities analyst with Paine Webber, New York, says although portable computers (the category in which laptops are included) accounted for 5% of Tandy's sales in fiscal 1985, the percentage will be smaller this year.

The Tandy 3000 took off more slowly than anticipated because of problems with the AT-compatible product, according to Ms. McGlade. Although the software that enables multiple use recently became available, the 3000 didn't have the impact it might have had the software been available sooner, she says.

In July, 1986, Tandy introduced five computers designed to give the company a line of products that competes with IBM's PC, XT and AT in home, education and business markets. The products include the Tandy 3000 personal computer (new version); the Tandy 3000 HL, said to run four times faster than IBM's PC XT; the Tandy 1000 SX and Tandy 1000 EX, both said to run 50% faster than IBM's PC; and the Tandy Color Computer 3, with twice the speed and up to eight times the memory and better graphics than the company's 64K Color Computer 2.

The new products mark a significant strategy for Tandy, which seems to be moving aggressively into the business market. Tandy now offers a bundled product of software, power and hardware for the home user at a good price, according to Paine Webber's Ms. McGlade. "From the product standpoint, Tandy has distinguished itself," she says. "It has added value to the product and made it a little better than what the business customer could buy from a pure IBM clone maker or even from IBM.

"Tandy doesn't have a corporate image of a company like Compaq, which targeted the corporate customer from the beginning. Apple is going through a transition to develop a professional image with corporations. Tandy is going through the same process. We'll see how successful it'll be in the next 12 months."

As part of that image process, and in a continuing effort to better position Radio Shack stores in the marketplace, Tandy is remodeling and refurbishing its retail stores during the next five years at a cost of $80 million.

New stores feature a high-tech look that includes charcoal, silver gray and orange colors, neon lighting and new subtle wall displays. Recently remodeled stores also display signage that says, "Radio Shack: The Technology Store."

The renovation, at the rate of three stores a day, is being done to emphasize a shift in the company's image to a chain carrying many leading products like satellite dishes and computers. Some remodeled stores are showing 25% to 30% sales gains, according to Ed Juge, Tandy director of market planning.

Tandy opened 68 retail Radio Shacks and 12 Radio Shack Computer Centers in fiscal 1986. A total of 68 Computer Centers are planned for fiscal 1987, 44 of which will be converted from large computer departments into separate Computer Centers. Tandy anticipates the same rate of openings for its retail stores.

Another part of Tandy's changing image is its business products division. A dress code was recently established for 3,000 employes who work or provide support for Tandy's 489 Radio Shack Computer Centers. The code, however, is not applicable to the retail division.

The strict policy, which includes no facial hair and only dark-colored, conservative business attire, received a lot of publicity, but only a few employes complained vehemently, according to Mr. Juge. The code is part of a comprehensive upgrading plan in the business products division designed to make employes look and feel a part of the team.

In its audio business, a VHS stereo audio deck and a stereo tv were introduced. Tandy also sells an adaptor to enable any tv to receive broadcast stereo sound. Radio Shack stores sell more than one-fifth of all audio speakers sold in the U.S.

Just as Tandy hopped on the compact disc player early in 1984, the company introduced the first advanced do-it-yourself home satellite dish system in February, 1986.

The Realistic 2500 home satellite system, which retails for $1,999, has been a strong seller despite the confusion over cable scrambling.

Analysts predict the satellite dish market should come on strong by early 1987 when the scrambling issue should be clearer to the consumer.

Analysts believe consumers will realize that scrambling is a factor on only a few selected cable television channels, and the dish owner will be able to watch a tremendous variety of programing despite scrambling.

Tandy's other major product market is telephones—both regular and cellular.

While Tandy Corp. is No. 2 behind American Telephone & Telegraph in retail sales, it also commands 10% to 15% of the total U.S. cellular telephone business, according to Tandy officials.

Tandy has experienced phenomenal growth in the cellular telephone market.

Its transportable cellular telephone retails for $1,199—its closest transportable competitor costs about $3,000. Tandy's Mr. Juge says the company has trouble keeping the item in stock.

Tandy has working agreements with one of the area carriers in every area where cellular service is available. At Radio Shack, a customer can go into the store, buy a phone, fill out the necessary papers, be assigned a phone number that will be programed on the spot and walk out of the store talking on a cellular phone.

Eugene Glazer of Dean Witter, New York, says Tandy has begun to establish the infrastructure to be one of the key players in the emerging market for mobile cellular telephones. Exclusive agreements with many carriers to provide hardware, installation and service are in place.

With a high-volume manufacturing facility in the Far East, Tandy could become a low-cost producer in this market, Mr. Glazer says.

In April, 1985, Tandy entered the name-brand discount retailing business with the acquisition of Scott-McDuff, a chain of 24 audio-video-appliance stores. In early fiscal 1986, Tandy acquired 207 VideoConcepts stores. Tandy opened 21 McDuffs in fiscal 1986.

With the Radio Shack chain as the foremost private label retailer in the consumer electronics industry—Tandy has a 49% share of market in radio and tv stores, which represent 65% of its sales, and Federated Group is No. 2 with a 6.27% share.

Audio-video-appliance name brand retailing will be handled separately in 8,000-to-10,000-sq.-ft. stand-alone stores and 3,000-sq.-ft. mall stores, according to Tandy officials.

In May of this year, Tandy announced plans to open 50 new stores in six new hubs by year's end in Houston; Denver; Kansas City, Mo.; San Antonio, Tex.; Tampa, Fla., and San Jose, Cal. Currently the chain has 250 stores nationwide under the McDuff, VideoConcepts and Scott Appliance Co. names.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$5,546	$5,207
Bus. pubs.	950	1,148
Network tv	29,328	31,805
Spot tv	3,665	6,152
Network radio	3,768	420
Spot radio	2,234	3,135
Network cable	1,025	378
Total measured	46,516	48,245
Unmeasured	140,345	145,560
Total	186,861	193,805

TANDY CORP.
1800 One Tandy Center
Fort Worth, Tex. 76102
(817) 390-3700

RADIO SHACK

Corporate Personnel

Bernard Appel, president

Marketing Personnel

Ron Stegall, sr vp, computer mktg
Graham Beachum, vp, computer merch
Robert Miller, vp, consumer merch
David Beckerman, vp-adv
Ed Juge, dir-mkt planning
Mike Wood, genl adv mgr
Fred Roeben, admin adv mgr

Advertising Agency

(In-house) Central Advertising Agency, Fort Worth—Gale Graham, media dir; Craig Kaso, asst media dir.

TANDY NAME BRAND
RETAIL GROUP

Memphis, Tenn.

Corporate Personnel

C.C. Thomas, president

Marketing Personnel

Tommy Dyson, adv mgr

Advertising Agency

In-house, Memphis, Tenn.

RAN **56**

Time Inc.

New York

($ in millions)

Worldwide	1985	1984	% ch
Sales	3,404	3,067	11.0
Net income	200	216	(7.4)
U.S. advertising	156	137	14.0

Division sales	1985	1984	% ch
Magazines	1,482	1,321	12.2
Books, info.	552	491	12.4
Video	1,370	1,255	9.2

Time Inc. in 1985 increased spending by 14% to support its larg consumer franchises in books, p cable tv and magazines, despite a lac luster year that brought a drop in ear ings of 7.4% and forced the med company to make deep cuts in its wo force.

Net income was down primarily b cause of a $13 million charge again staff reductions, a decline in intere income from lower cash balances ar the absence of a 1984 pretax gain c $37 million. Time is shoring up thos returns in 1986. In the first half, n income rose 7.7% to $112 million c revenue of $1.82 billion, up 13%.

Time Inc. is on an acquisitions hun last year purchasing Southern Progre Corp., publisher of *Southern Livin* and *Asiaweek*, an English-languag newsmagazine based in Hong Kong. also is taking a significant minority i terest in *Parenting*, a San Francisc based magazine scheduled to sta publishing at yearend.

Last year's sale of notes and th pending sale of 20% of its America Television & Communications cab tv systems company will help fun corporate acquisitions. The compan however, has not abandoned hom grown publications: It restarted *Pictu Week* in July and has a variety of i ternally developed projects in variou stages of testing.

The magazine division in 1985 su fered the company's only decline pretax operating profit of 6% to $17 million, despite revenue gains 12.2%, due to the March, 1985, acqu sition of Southern Progress Corp. F the second quarter of 1986, the com pany's magazine group recorded ope ating income of $74 million, up 8.8 Circulation revenue rose 8%. Ad pag were down 1% to 2% from last year quarter, but ad revenues were up abo 4% because of a hike in rates from 5 to 6%.

Revenue from the video operation division in 1985—representing HB Cinemax and ATC—increased 9.2 and pretax operating profit was also 3% to $220 million.

Books and information service showed a total revenue gain of 12.4 and pretax operating income of $8 million, up 31%. The gains were p marily because of the addition of O moor House (a division of Souther Progress) and profit increases in th book business and at Selling Area Marketing Inc., Time Inc.'s marketin information services unit. Howeve operating profit for the division fell $12 million, down 7.7% in the secon quarter of 1986.

The company put the majority of i ad dollars behind cable's Home Bo Office, Time-Life Books and Tim Inc.'s top three magazines—*Peopl Sports Illustrated* and *Time*. Over-a the company shifted its marketin mix, devoting more dollars to cab networks and spot tv, at the expense radio.

Of the company's major spender only HBO had a measured ad spen ing decline, down 31% to $10.5 mi lion. This budget reflected a return normal ad spending levels after shakeup in 1984 that saw the pay cab service revamp its schedule and chai

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Perspectives from an ANA director

Organization should stress the basics

G.F. Tyrrell, vp-advertising at Johnson & Johnson, says that he favors a back-to-basics approach at the Assn. of National Advertisers.

"I think it is important to get back to the original objectives [of the ANA]. It is important to improve quality of advertising by training young people, and the ANA can provide that service to members," says Mr. Tyrrell, who is a member of the executive committee, the membership eligibility committee and chairs the television advertising standing committee.

Mr. Tyrrell is a 21-year veteran at Johnson & Johnson and was previously vp-product management for the personal products company. Before joining J&J, he worked at Benton & Bowles, BBDO and Lennen & Newell advertising agencies. In addition, he was a product manager with Standard Brands' Burlington Hosiery Co.

G.F. Tyrrell
Johnson & Johnson

Regarding the trend of many advertisers toward more spot market activity and diversification of traditional media dollars into nonmedia promotions, Mr. Tyrrell says, "I think it is potentially damaging to brands. The shift into spot tv brings up serious questions."

On the issue of shorter rollouts with new product development, he said, "I see companies going back to classic test markets.

"People who have taken the time to be careful are not overly concerned. I think the fly-by-the-seat-of-the-pants approach has not worked. While it may be expensive to test, if it is done carefully, it pays off."

Mr. Tyrrell is a director of the Ad Council and volunteer director of the council's National Red Cross campaign.

He is also a member of the National Advertising Review Board.

man-ceo Michael Fuchs come aboard.

HBO put $6.7 million in spot tv and $2.6 million in magazines to attract more viewers in a time of flat growth. No. 1-ranked HBO is battling it out with No. 2-ranked Showtime/The Movie Channel for exclusive deals with major studios for film rights. In 1985, HBO saw slight subscription gains to 14.6 million.

In the magazine group, ad pages for Time Inc.'s magazines reflected an over-all softening in the market, but, with the exception of its struggling *Discover*, the publications posted modest gains in ad revenues. The slowdown in magazine revenue, however, caused the company to institute layoffs in an effort to cut annual expenses by $75 million.

In ad spending, *People* topped the list, spending $18.3 million in measured media, up 22%. *People* devoted $14 million to spot tv and $2.8 million to network tv. The magazine in 1985 had record ad revenue of $250.7 million, up 8%. Ad pages were down 5% to 3,866.

Time followed with $15.2 million in measured media, up 38% from 1984. It spent $10 million in spot tv and $4.4 million in cable networks. The newsweekly's $347 million ad revenue total again led the magazine industry despite a 4% decline from the year earlier. *Time's* closest competitor, *Newsweek*, had ad revenues in 1985 of $247 million, down 2%.

Sports Illustrated spent $12 million in advertising, the majority of it devoted to spot tv and cable networks. Although *SI* did not have the heavy advertising it had during the 1984 Olympic year, and ad pages dropped 3%, ad revenues rose 3%, to $237.3 million.

Once again, the weakest performer in the magazine group was *Discover*, in the depressed popular science magazine category. It showed a 40% decline in ad revenue to $6.3 million and a 4% drop in ad pages to 417.

In an effort to bolster *Discover's* performance, Time Inc. in June purchased competitor *Science 86* for $5.75 million, plus $7 million in subscription liabilities. The company hopes to retain about 35% of *Science 86's* 739,301 subscribers, but observers are skeptical about whether the purchase will solve the publication's problems. *Discover* had minor ad spending in 1985, amounting to $375,000 to promote a tv program, and $16,000 in a magazine mail order promotion.

Time Inc.'s leading ad spender was Time-Life Books with a $20.8 million budget, up 14%. Time-Life Books spent $15.3 million in magazines and $3.3 million in spot tv. The books division was buoyed this year by the success of "The Library of Nations," a sociologically oriented geography series, and "Understanding Computers." A third series, "Your Home," was terminated because of poor response.

In mid-July, 1986, Time Inc. named N. J. Nicholas Jr. president and chief operating officer. He is in line to succeed J. Richard Munro, president and chief executive of Time. Mr. Nicholas was exec vp-video operations. Mr. Munro also was given the additional post of chairman, succeeding Ralph P. Davidson, who was named chairman of the executive committee of Time's board.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
gazine	$43,460	$39,599
Newspaper	13,592	13,320
Newsp. supp.	1,697	2,121
Bus. pubs.	5,529	919
Network tv	2,903	12,129
Spot tv	45,345	33,070
Spot radio	383	1,885
Outdoor	9	50
Network cable	12,825	7,192
Total measured	125,743	110,284
Unmeasured	30,462	26,717
Total	156,205	137,001

TIME INC.
Time & Life Bldg.
Rockefeller Center
New York
(212) 586-1212

Time

Corporate Personnel

Richard B. Thomas, publisher

Marketing Personnel

John J. Crowley Jr., assoc publisher-adv sales dir
Steve Cohen, public affairs dir
Katherine R. Erskine, promo dir
Elizabeth P. Valk, circulation dir

Advertising Agencies

Wunderman, Ricotta & Kline, New York—circulation promo—Dave Cramoy, dir acct services, Gail Lanik, acct super; Grace Fallon, acct exec.

Young & Rubicam, New York—circulation promo—Ned Brown, mgmt super; Elizabeth Raspberry, acct exec, adv promo;Jennifer Brown, traffic.

People

Corporate Personnel

Donald M. Elliman Jr., publisher

Marketing Personnel

William S. Myers, assoc publisher-adv sales dir
Daniel B. Brewster Jr., promo-special projects dir
Diane Morgenthaler, circulation dir

Advertising Agencies

Holland & Callaway Advertising, New York—circulation promo, adv & circulation promo—Jim Calloway, president; Ron Holland, chmn of the board, copywriter, Russ Kaiser, producer.

Young & Rubicam, New York—adv promo—James Tyrell, acct super; Jennifer Brown, acct exec.

Fortune

Corporate Personnel

James G. Hoefer, publisher
E. William Kenyon, assoc publisher

Marketing Personnel

David L. Nimz, promo dir
R. Timothy Leedy, adv dir
Jeremy B. Koch, circulation dir

Advertising Agency

Needham Harper Worldwide, Washington—Carole O'Donnel, acct exec; Patricia Connoway, vp-acct super.

Discover

Corporate Personnel

James B. Hayes, publisher

Marketing Personnel

John E. Jay, adv sales dir
Harry C. Rubicam, promo dir
William J. Miller Jr., circulation dir

Advertising Agency

John Emmerling Inc., New York—adv promo—Jim Guthrie, acct super.

Money

Corporate Personnel

William M. Kelly Jr., publisher

Marketing Personnel

Charles Rubens II, adv sales dir
Michael Rich, promo dir
Diane Genck Potter, circulation dir

Advertising Agency

John Emmerling Inc.—adv promo.

Sports Illustrated

Corporate Personnel

Donald J. Barr, publisher

Marketing Personnel

Thomas J. Hickey Jr., adv sales dir
David L. Long, adv sales mgr
George P. Berger, promo planning dir
G. Lindsay Valk, circulation dir

Advertising Agencies

Ogilvy & Mather, New York—adv promo—Denise Johnson, acct exec; David Warren, acct super.

Richards Group, Dallas—circulation promo—Brad Todd, mgmt super.

Life

Corporate Personnel

Charles A. Whittingham, publisher

Marketing Personnel

Alan T. Wragg, adv sales dir
Susan L. Caughman, circulation dir

Advertising Agency

Geer, DuBois, New York—adv promo—Doria Steedman, acct super; Kathy Reps, media super. Circulation promo—John Allen, sr vp; Cindy Waxman, acct exec; Dawn Dresher, asst acct exec; Michael Garcia, acct super.

Progressive Farmer

Corporate Personnel

Gerald Jehle, publisher

Marketing Personnel

David V. Hemphill, adv sales mgr (N.Y.)
Jim Moon, adv services mgr
Bill Capps, circulation dir

Advertising Agency

Fletcher/Mayo/Associates, Atlanta—trade—Kathy Freebairn, acct exec.

Southern Living

Corporate Personnel

James E. DeVira, publisher

Marketing Personnel

H.B. Flora, adv sales mgr
Jim Hurd, adv services mgr
Bill Capps, circulation dir

Advertising Agency

Needham Harper Worldwide—trade—Betsy McGurick, acct exec.

Southern Accents

Corporate Personnel

James E. DeVira, publisher

Marketing Personnel

Sims Bray, adv sales mgr (N.Y.)
Jeanetta Keller, pr dir
Bill Capps, circulation dir

TIME-LIFE BOOKS

Corporate Personnel

Christopher T. Linen, exec vp

Advertising Agencies

A. Eicoff & Co., Chicago—Ron Bliwas, president-mgmt super; Francie Barson, vp-media dir; Rick Sangerman, acct super.

Wunderman, Ricotta & Kline, New York—Dave Cramoy, dir acct services; Judy Keane, acct mgr; Greg DiLorenzo, acct exec.

TIME-LIFE VIDEO

Marketing Personnel

Dorothy Dunbar, adv & promo dir

SELLING AREAS-MARKETING INC.

Corporate Personnel

Carlyle C. Daniel, president
Karl L. Pruess, exec vp-operations

Marketing Personnel

Alan B. Miller Jr., vp-sales services mgr

Advertising Agency

H. Richard Silver, New York—Harvey Dreyer, acct super.

AMERICAN TELEVISION & COMMUNICATIONS CORP.
Englewood Colo.

Corporate Personnel

Trygrve E. Myhren, chmn of the board-president

Marketing Personnel

Stephen St. Maire, vp-mktg, programming
Allan Eisenberg, dir-adv
Dan Smith, dir-mktg

Advertising Agency

Wells & Evans, New York—Laurie Litwin, acct super.

BOOK-OF-THE-MONTH CLUB
New York

Marketing Personnel

Lorraine Shanley, exec vp-editorial & mktg
Betsy Poris, vp-adv dir
John Hall, mktg dir

Advertising Agency

Wunderman, Ricotta & Kline, New York—Lisa Levine, mgmt super; Carole Abrams, asst acct exec.

HOME BOX OFFICE
New York

Corporate Personnel

David Pritchard, sr vp-corp affairs

Marketing Personnel

Dan Levinson, vp-adv
John K. Billock, sr vp-mktg
Janice Hoffman, dir-network planning

Advertising Agencies

Ted Bates Advertising/New York—Cinemax—Tim Corrigan, mgmt rep; Carol Bernbaum, acct mgr; Susan Johnson, assoc media super.

BBDO, New York—HBO—Ken Angel, vp-mgmt super; Russell Schare, acct exec; Guild Copeland, acct super; Elizabeth Flin, asst acct exec; Tom O'Brien, media super.

LITTLE, BROWN & CO.
Boston

Marketing Personnel

William A. Gutherie, adv mgr
David Goehring, mktg mgr-trade div
Munro Magruder, trade sales mgr

Advertising Agency

Franklin Spier Inc., New York—Rhonda Hall, acct exec.

Picture Week

Corporate Personnel

Bruce A. Barnet, publisher

Marketing Personnel

Jan H.H. Meyer, adv sales dir
Michael Owen, circulation dir

Advertising Agency

Holland & Callaway Advertising, New York—adv & circulation promo—Jim Calloway, president; Ron Holland, chmn of the board, copywriter; Russ Kaiser, producer.

Adweek

Corporate Personnel

Robert B. Klaverkamp, publisher

Marketing Personnel

Barrie C. Goodridge, ad mgr
Ray Day, promo mgr
Ann Hext, circulation dir

Toyota Motor Corp.

RANK **45**

Torrence, Cal.

($ in millions)

Worldwide	1985	1984	% chg
Sales	24,335	24,828	(2.0)
Net income	1,238	1,238	0.0
U.S. advertising	172	138	24.3

Toyota Motor Sales U.S.A., a subsidiary of Toyota Motor Corp., Japan, the leading car and truck importer in the U.S., placed renewed concentration on Toyota cars in 1986, particularly the sporty compact Celica line, which served as the centerpiece of the 1986 Toyota lineup that includes 65 new car and truck models.

Trucks, however, continued to have strong support, shifting to more of a 50-50 split between car and truck advertising at Toyota.

Toyota Motor Corp., the parent company, reported record worldwide sales of $24.3 billion, down 2% from 1984, and earnings of $1.2 billion, the same as a year earlier. Sales and earnings for both 1985 and 1984 fiscal years, ended on June 30, were converted from yen to dollars at the rate of Y249=U.S.$1.

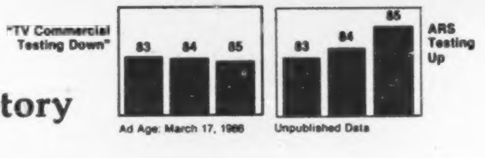
Toyota currently ranks third in

MARKETING EXECUTIVES . . .
with successful national track records . . . we specialize
SFA
SMITH'S 5TH AVENUE
AGENCY
17 East 45 St., N.Y. 10017
212-682-5300

Which magazine ranked highest in advertising pages last month?

Turn to LNA for answers.
See page 93

The Rest Of The Story



Another reason ARS Testing is up:

ARS Results
Predict Sales Response
To Incremental Media Spending

ARS data has consistently matched split cable media weight tests for established brands.

ARS
The ADVERTISING RESEARCH SYSTEM

research systems corporation 110 Walnut Street, Evansville, Indiana 47708 • 812-425-4562

100 leading advertisers by primary business

Primary business	Rank	Company	U.S. ad spending		U.S. sales		Adv. % U.S. sales		1985 worldwide figures	
			1985	1984	1985	1984	1985	1984	Sales	Earnings
AIRLINES	81	AMR Corp.	$105,412	$94,925	N/A	N/A	N/A	N/A	$6,131,028	$345,340
	88	Delta Air Lines	94,020	93,519	N/A	N/A	N/A	N/A	4,460,062	47,286
	91	Eastern Air Lines	89,700	78,230	N/A	N/A	N/A	N/A	4,815,070	6,310
	62	UAL Inc.	145,000	115,260	N/A	N/A	N/A	N/A	6,383,405	(48,683)
AUTOMOTIVE	65	American Motors Corp.	126,000	127,321	N/A	N/A	N/A	N/A	4,039,901	(125,263)
	22	Chrysler Corp.	393,400	344,117	$18,767,200	$17,240,000	2.1	2.0	21,255,500	1,635,200
	7	Ford Motor Co.	614,600	521.564	43,526,000	36,788,000	1.4	1.4	52,774,000	2,515,000
	5	General Motors Corp.	779,000	731,446	89,099,000	69,356,000	0.9	1.1	96,371,000	3,999,000
	55	Honda Motor Co.	156,475	136,096	N/A	N/A	N/A	N/A	16,115,060	811,421
	58	Goodyear Tire & Rubber Co.	149,305	158,421	6,437,300	7,092,000	2.3	2.2	9,600,000	412,400
	85	Mazda Motors of America	101,743	71,928	N/A	N/A	N/A	N/A	7,403,557	147,042
	49	Nissan Motor Co.	162,566	165,149	N/A	N/A	N/A	N/A	15,385,900	265,377
	45	Toyota Motor Corp.	172,035	138,442	N/A	N/A	N/A	N/A	24,335,101	1,238,191
	67	Volkswagen of America	123,100	99,691	N/A	N/A	N/A	N/A	N/A	N/A
CHEMICALS & PETROLEUM	31	American Cyanamid Co.	266,189	284,685	2,489,100	2,497,500	10.7	11.4	3,536,100	129,100
	82	Dow Chemical Co.	105,000	91,682	5,211,000	5,293,000	2.0	1.7	11,537,000	58,000
	75	E.I. du Pont de Nemours & Co.	112,184	106,065	20,301,000	21,395,000	0.6	0.5	29,483,000	1,118,000
	40	Mobil Corp.	195,262	175,900	16,601,000	16,309,000	1.2	1.1	51,423,000	1,969,000
	90	Monsanto Co.	92,885	88,989	4,451,000	4,498,000	2.1	2.0	6,747,000	(98,000)
	77	Union Carbide Corp.	110,000	97,447	6,371,000	6,766,000	1.7	1.4	6,596,000	(581,000)
ELECTRONICS & OFFICE EQUIPMENT	94	Apple Computer	83,859	133,844	1,490,396	1,187,839	5.6	11.3	1,918,300	61,000
	97	Canon Inc.	81,201	102,721	1,500,600	1,260,000	5.4	8.2	4,779,000	185,000
	35	Eastman Kodak Co.	247,300	329,066	7,392,000	7,414,000	3.3	4.4	10,631,000	332,000
	24	GE/RCA	373,336	446,378	35,060,300	33,956,100	1.1	1.3	37,257,100	2,705,100
	27	International Business Machines	327,834	388,978	28,511,000	27,371,000	1.1	1.4	50,056,000	6,555,000
	92	Matsushita Electric Industrial Co.	86,000	93,899	3,700,000	3,500,000	2.3	2.7	24,890,000	1,214,000
	41	Tandy Corp.	186,861	193,804	N/A	N/A	N/A	N/A	N/A	N/A
	64	Xerox Corp.	128,898	129,743	N/A	N/A	N/A	N/A	N/A	N/A
ENTERTAINMENT & COMMUNICATIONS	98	Capital Cities/ABC	72,247	68,024	N/A	N/A	N/A	N/A	4,002,000	141,000
	39	CBS Inc.	208,000	200,945	4,201,000	4,054,000	5.0	5.0	4,756,000	27,000
	63	Walt Disney Co.	140,000	69,497	N/A	N/A	N/A	N/A	2,015,429	173,491
	95	Gulf & Western	82,101	95,299	2,991,000	4,867,000	2.7	2.0	3,090,000	234,300
	86	MCA Inc.	98,360	81,892	1,786,257	1,381,170	5.5	5.9	2,098,525	149,959
	56	Time Inc.	156,205	137,001	N/A	N/A	N/A	N/A	3,404,000	200,000
	66	Warner Communications	124,165	165,46[illegible]	1,881,725	1,726,784	6.6	9.6	2,234,891	195,305
FOOD	6	Beatrice Cos.	684,000	662,[illegible]06	8,662,000	9,262,000	7.9	7.1	11,396,000	232,000
	38	Campbell Soup Co.	215,059	210,368	3,344,702	3,120,532	6.4	6.7	3,988,705	197,824
	70	CPC International	120,000	126,083	1,765,000	1,815,000	6.8	6.9	4,200,000	142,000
	13	Dart & Kraft	489,349	474,820	7,316,900	7,129,000	6.7	6.7	9,942,000	466,000
	14	General Mills	484,146	451,705	N/A	N/A	N/A	N/A	4,600,000	N/A
	32	H.J. Heinz Co.	261,541	228,385	2,764,815	2,661,700	9.5	8.6	4,366,177	301,734
	100	George A. Hormel & Co.	70,702	46,215	N/A	N/A	N/A	N/A	1,502,200	38,600
	46	IC Industries	171,000	137,318	3,943,900	3,402,700	4.3	4.0	4,405,000	162,800
	25	Kellogg Co.	364,299	301,950	2,074,900	1,770,000	17.6	17.1	2,930,100	281,100
	9	McDonald's Corp.	550,000	457,198	2,863,826	2,624,910	19.2	17.4	3,760,860	433,039
	28	Nestle SA	319,254	286,955	N/A	N/A	N/A	N/A	N/A	N/A
	17	Pillsbury Co.	473,220	448,547	5,373,700	4,442,200	8.8	10.1	5,848,000	208,000
	36	Quaker Oats Co.	245,997	234,045	N/A	N/A	N/A	N/A	N/A	N/A
	12	Ralston Purina Co.	508,365	446,468	N/A	N/A	N/A	N/A	5,863,900	256,400
	3	RJR/Nabisco	1,093,000	1,181,072	12,557,000	10,216,000	8.7	11.6	16,595,000	1,100,000
	29	Sara Lee Corp.	285,956	249,394	6,631,000	5,632,000	4.3	4.4	8,117,000	206,000
	72	Wendy's International	115,000	99,598	N/A	N/A	N/A	N/A	1,125,617	76,191
GUM & CANDY	71	Hershey Foods Corp.	118,990	104,461	N/A	N/A	N/A	N/A	1,996,154	120,649
	30	Mars Inc.	275,504	217,152	N/A	N/A	N/A	N/A	N/A	N/A
	96	Wm. Wrigley Jr. Co.	81,536	70,496	444,038	417,206	18.4	16.9	620,267	43,498
MISCELLANEOUS	69	American Dairy Assn.	121,000	60,243	N/A	N/A	N/A	N/A	56,227	N/A
	47	American Express Co.	169,868	173,424	9,434,000	7,367,000	1.8	2.4	11,850,000	810,000
	84	Greyhound Corp.	102,604	88,797	N/A	N/A	N/A	N/A	3,278,000	120,100
	33	U.S. Government	259,050	287,807	N/A	N/A	N/A	N/A	N/A	N/A
PHARMACEUTICALS	21	American Home Products Corp.	399,516	412,633	3,636,900	3,435,900	11.0	12.0	4,684,752	717,140
	78	Bayer AG	108,000	105,604	4,177,000	3,900,000	2.6	2.7	15,782,000	432,000
	26	Bristol-Myers Co.	344,293	347,634	3,380,200	3,148,800	10.2	11.0	4,444,000	531,400
	20	Johnson & Johnson	401,217	420,408	3,989,900	3,735,900	10.1	11.3	6,421,300	613,700
	53	Pfizer Inc.	158,463	153,950	2,342,600	2,171,600	6.8	7.1	4,024,500	579,700
	48	Schering-Plough Corp.	169,383	145,857	1,123,700	1,075,700	15.1	13.6	1,927,100	192,600
	37	Sterling Drug	224,940	221,107	1,143,575	1,086,202	19.7	20.4	1,753,724	109,709
	18	Warner-Lambert Co.	469,339	440,996	1,670,000	1,535,000	28.1	28.7	3,200,069	(315,596)
RETAIL	99	Cotter & Co.	71,670	67,468	N/A	N/A	N/A	N/A	1,702,000	67,000
	8	K mart Corp.	567,000	757,216	N/A	N/A	N/A	N/A	22,400,000	221,000
	15	J.C. Penney Co.	478,892	460,219	13,228,000	12,963,000	3.6	3.6	13,700,000	397,000
	4	Sears, Roebuck & Co.	800,000	913,657	N/A	N/A	N/A	N/A	40,715,000	1,303,000
SOAPS & CLEANERS	79	Clorox Co.	107,105	110,156	N/A	N/A	N/A	N/A	1,089,700	95,610
	34	Colgate-Palmolive Co.	253,495	259,217	2,169,988	2,025,431	11.7	12.8	4,523,678	109,442
	61	S.C. Johnson & Sons	146,146	98,591	N/A	N/A	N/A	N/A	2,040,000	N/A
	1	Procter & Gamble	1,600,000	1,461,925	10,243,000	9,554,000	15.6	15.3	13,552,000	635,000
	19	Unilever U.S.	413,623	398,810	4,188,000	3,606,000	9.9	11.1	24,205,000	748,000
SOFT DRINKS	23	Coca-Cola Co.	390,000	408,711	4,909,000	4,566,000	7.9	9.0	7,903,000	722,300
	16	PepsiCo Inc.	478,372	422,120	7,105,000	6,707,000	6.7	6.3	8,056,700	543,700
TELEPHONE	11	American Telephone & Telegraph	521,318	569,930	N/A	N/A	N/A	N/A	34,909,500	1,556,800
	57	GTE Corp.	153,606	100,457	13,563,000	13,422,000	1.1	0.7	15,732,000	(161,000)
	59	ITT Corp.	149,000	137,560	12,253,000	10,922,000	1.2	1.3	20,007,000	293,501
TOBACCO	51	American Brands	160,000	155,791	3,150,000	3,065,000	5.1	5.1	7,308,311	425,900
	44	Batus Inc.	175,420	175,199	N/A	N/A	N/A	N/A	5,087,000	163,532
	43	Grand Metropolitan plc	176,749	174,547	2,269,900	1,897,300	7.8	9.2	7,069,600	573,200
	54	Loews Corp.	156,918	189,324	N/A	N/A	N/A	N/A	6,700,270	588,975
	2	Philip Morris Cos.	1,400,000	1,335,424	11,496,000	10,034,000	12.2	13.3	15,964,000	1,255,000
TOILETRIES & COSMETICS	42	Beecham Group plc	186,322	178,440	1,007,500	1,044,000	18.5	17.1	3,292,000	424,200
	52	Chesebrough-Pond's	159,792	149,454	2,084,982	1,144,339	7.7	13.1	2,699,498	82,174
	68	Cosmair Inc.	122,149	120,424	N/A	N/A	N/A	N/A	700,000	N/A
	50	Gillette Co.	161,000	165,740	1,024,800	1,102,000	15.7	15.0	2,400,000	159,900
	80	Noxell Corp.	106,128	111,514	327,781	299,547	32.4	37.2	382,125	32,360
	60	Revlon Group	147,215	197,834	1,830,000	N/A	8.0	N/A	2,120,000	N/A
TOYS	73	Hasbro Inc.	114,849	84,865	965,038	561,000	11.9	15.1	1,233,361	98,969
	93	Mattel Inc.	85,092	75,983	765,010	697,000	11.1	10.9	1,050,900	78,700
WINE, BEER & LIQUOR	10	Anheuser-Busch Cos.	522,900	507,474	N/A	N/A	N/A	N/A	7,683,300	443,700
	87	Brown-Forman Co.	94,260	67,765	N/A	N/A	N/A	N/A	1,208,113	81,684
	83	Adolph Coors Co.	104,981	87,703	N/A	N/A	N/A	N/A	1,281,122	53,416
	76	Jos E. Seagram & Sons	110,183	116,011	1,739,000	1,752,000	6.3	6.6	2,970,669	319,074
	74	Stroh Brewery Co.	113,000	137,639	N/A	N/A	N/A	N/A	1,600,000	N/A
	89	Van Munching & Co.	93,388	82,781	N/A	N/A	N/A	N/A	414,000	N/A

NOTE: Dollars in thousands.

Source: Sales and earnings figures are from public documents and reflect the latest fiscal year. Advertising expenditures are estimates. For further explanation, see *Where Ad Age got its data*, Page 16.

orldwide auto production behind eneral Motors Corp. and Ford Motor o. and is followed by Nissan Motor orp. in fourth place. Its Japanese ompetitors—Honda, Mazda and Mit- bishi—rank 10 through 12, respec- vely.

More than half of Toyota cars and ucks are exported worldwide. A rec- d 1,901,786 units of a total 1985 pro- uction of 3,535,495 units, plus 9,197 knockdown sets, were sold in verseas markets. The export figure cludes 1,138,428 passenger cars, up 7% from 1984. Exports to North merica totaled 955,358 units, a rise 17.6%, which Toyota attributes to creased demand and more favorable onomic conditions in the U.S. Pas- nger cars represented 66% of the ve- cles shipped to the region.

Toyota sales in the U.S. approached e 1 million mark in 1985, hitting an l-time high of 949,977 total units—20,047 cars and 329,930 compact ucks—up 13.4% from a year earlier. ne total represented a 6.7% share of e U.S. market and 23.4% of the im- rt market. Despite intense competi- on in the U.S., Toyota still ranks first nong Japanese importers, followed Nissan at 21.3%, Honda at 19.5% d Mazda at 8.4%. The company also d in total truck sales, followed by issan and Honda.

But Toyota followed Nissan, Honda d Mazda in establishing U.S. manu- cturing plants. Toyota finally began nstruction of U.S. manufacturing fa- ities to assure itself of an adequate pply of cars in the U.S. market, a pply curtailed by self-imposed uotas assumed by Japanese mar- ters under the Voluntary Restraint greement.

In April, 1985, Toyota and General otors joined forces in a car manufac- ring operation called New United otor Mfg. Inc., with a plant in Fre- ont, Cal. In August, 1986, Toyota nounced it would build between ,000 and 12,000 of its new FX 16 rs in Fremont, split between two odels, one carrying a base price of out $9,000; the sportier GT-S is ex- cted to sell for $10,000 to $11,000. oduction will advance to between ,000 and 50,000 units during 1987. M named Toyota as Chevrolet's rtner in producing the compact car.

In December, 1985, Toyota an- unced it had selected Georgetown, y., as the site for its $800 million pro- ction complex to build up to 0,000 units per year of the Toyota amry when it comes on stream in id-1988. The company also set 1988 the start of production at a new 00 million Canadian plant to be ilt at Cambridge, Ont., southwest of oronto. That factory ultimately will oduce 50,000 Corolla-class cars a ar.

Opening of these North American oduction facilities is in line with oyota's announced plans to seize 10% the world's auto market by the 90s, a marketing concept the com- ny calls "Global 10." In January, 86, the company passed a milestone Japan with the production of a ite Crown Toyota, its 50 millionth it since the "A1" prototype in 1935.

The Toyota Corolla, with sales of 8,378 units, was once again the com- ny's best-selling model in the U.S. It s followed by the Camry at 128,132, e Celica at 80,480 and the Tercel at e low end of the line at 88,841 units. ne Toyota van and the MR2 miden- ne sports car accounted for sales of out 32,000 each and the high perfor- ance Supra, at the high end of the ne, sold 23,569 units.

Operating in the restrictive environ- ent on car imports, Toyota threw a fty portion of its media weight be- nd advertising for trucks, which were naffected by market quotas. Truck lvertising for the year, led by spot d network tv, topped $40 million, ving rise to criticism that Toyota ad- rtising was neglecting the car sector.

Toyota passenger cars accounted for ly $6.2 million in the company's easured media expenditures for 985, but other car categories received ecial attention, with the MR2 sports car supported by a seven-media outlay of $15.3 million and the Toyota Celica getting $6.8 million, mostly in network and spot tv.

Use of cable tv dropped to $4.3 million, down from $4.8 million a year earlier when Toyota was ranked eighth among the top 10 users of cable.

Now in its 16th year of production, the Celica featured numerous changes including an all-new body design, front-wheel drive and a powerful new 2.0-liter engine.

Toyota retired the 6-year-old "Oh, what a feeling" theme and replaced it with a new slogan borrowed from George Gershwin: "Who could ask for anything more?" for the new creative umbrella—the "more" emphasizing the company as a full-line marketer, says Toyota, out to shake its image as a small-car marketer.

Of 10 new commercials touting the theme, half were for cars and the other half for trucks.

The company continued its use of celebrity spokesmen, for the second year making use of pro golfer Lee Trevino to pitch the full line of trucks and vans. Supporting the tv effort was a major print campaign in magazines, a series of full-page, full-color ads, spreads and three-page gatefolds that singled out specific products. On behalf of trucks, one full-page ad plugged the new top of the line 4-by-4 SR5 Xtracab Turbo, priced at $12,118, emphasizing its roominess and standard features such as the seven-way adjustable sports seat and am/fm/mpx stereo, and the low end standard bed truck, which stressed its $5,998 price, "unchanged in five years."

Magazine ads also featured Toyota's Cressida, the company's luxury leader; the second-year version of the Corolla GT-S sport coupe and liftback; the Camry and its improved power and performance; a virtually unchanged MR2 sports car, and the new features of the low-end Tercel models.

Toyota's flagship performance car, the new upscale Supra, accounts for some 8% of sales, but the company reportedly spent a much larger percent of its ad budget for its introduction this spring. Priced at $18,990 for the basic liftback model, the Supra has been redesigned and its production increased. Toyota expects to sell 30,000 in the U.S. this year, up from last year's 23,569.

Early this year, Toyota joined a sponsorship and marketing program with Opryland USA Inc. of Nashville, Tenn. The program includes sole sponsorship by Toyota of all matinee performance of the Grand Ole Opry, sponsorship of a series of seven special musical events at Opryland and display of Toyota vehicles at the Opryland Hotel and Opryland. The deal also allows Toyota the option of offering trips to Opryland as incentives for its sales staffs and customers.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$16,412	$15,403
Newspaper	20,761	14,913
Newsp. supp.	31	147
Bus. pubs.	770	395
Network tv	27,793	18,544
Spot tv	71,014	58,377
Network radio	989	54
Spot radio	5,210	5,263
Outdoor	2,173	1,793
Network cable	4,349	5,391
Farm pubs.	192	183
Total measured	149,692	120,462
Unmeasured	22,343	17,980
Total	172,035	138,442

TOYOTA MOTOR SALES U.S.A.
19001 S. Western Ave.
Torrance, Cal. 90509
(213) 618-4000
Corporate Personnel
Robert McCurry, sr vp
Marketing Personnel
James Perkins, group vp-sales, mktg, distribution & prod planning
George Borst, corp mktg mgr
Albert W. Wagner, natl sales mgr
Jan Olson, natl adv mgr
D. Danzer, natl car adv mgr
J. Thompson, natl truck adv mgr
James Olson, corp pr mgr
M. Chappelle, dealer assn adv mgr
Advertising Agency

DFS/Dorland Worldwide, Torrance, Cal. —Stuart Upson, chmn-ceo-New York; Jim Lindsey, chmn-Southern Cal; Joe Cronin, mgmt dir.

RANK **62**

UAL Inc.

Elk Grove Township, Ill.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	6,383	6,968	(8.4)
Net income	(49)	282	(117.2)
U.S. advertising	145	115	25.8
Division sales	**1985**	**1984**	**% chg**
Airline	5,292	6,219	(14.9)
Hotel	504	557	(9.5)
Business service	91	192	(52.6)
Hertz	497	N/A	N/A

UAL Inc., whose United Airlines subsidiary has struggled through the cutthroat fare wars, is poised for accelerated growth after last year's purchase of Hertz Corp. and this year's acquisition of trans-Pacific airline routes from Pan American World Airways.

With three major travel service companies under its belt, the Elk Grove Village, Ill.-based parent of United Airlines, Westin Hotel Co. and Hertz, now has the capability of marketing a broad range of travel packages in its major markets.

Parent UAL suffered a net loss on sales growth of 8.4% in 1984. The loss was attributed to a 29-day pilot strike and competitive fare discounting at United. The United Airlines unit, largest U.S. airline, reported operating revenues of $5.29 billion in 1985, a 14.9% drop from a year earlier. The airline represents 85% of total revenues. The carrier itself posted a net loss of $88.2 million, compared with net income of $252.4 million for the year earlier.

In the first quarter of 1986, UAL posted a net loss of $103 million, compared with a loss of $661,000 a year earlier, on revenues of $1.96 billion, up 23%. United alone lost $107 million, attributed to intense fare wars and expenses connected with the Pan Am route purchase.

Despite the financial downturn, UAL has found new ways to grow by acquiring other airlines, new routes from other carriers and entering alternate segments of the travel industry.

Last August, UAL completed its acquisition of New York-based Hertz Corp., the world's largest car-rental company. UAL paid RCA $587.5 million in the deal. The Hertz buy immediately made UAL the premier travel marketer, selling airline seats and renting cars and hotel rooms on a national and international basis.

Operational efficiencies have been the primary benefit of the United-Hertz-Westin combination, as United's 50,000 Apollo computer reservations terminals provide an easy way to sell services from one or all of UAL's operating units. Marketing tie-ins have begun, too, with United flights and Hertz car rentals sold on a package basis in many vacation markets. United execs say they are prepared to increase such activity as the airline business gets more competitive and as other airlines team up with competing travel companies.

In February, 1986, United began serving 11 new Pacific cities through its $715.5 million purchase of routes, planes and facilities from Pan American World Airways, New York. (United already served Tokyo and Hong Kong.)

The new routes came just as European terrorism made many Americans fear travel to those countries. United is one of a few major U.S. airlines that does not fly to Europe.

In July, the airline announced its intention to acquire for $146 million the assets of Frontier Airlines, Denver, from financially troubled People Express, Newark, N.J. Frontier has lost $10 million a month since People Express purchased the carrier in 1985. United earlier purchased 25 Frontier planes for $265 million.

But United and the Air Line Pilots Assn. never could negotiate compensation terms for Frontier employes, stalling talks and ultimately scotching the acquisition.

United serves 173 cities through 156 airports, using 343 owned and leased aircraft. It is the only airline to fly to all 50 U.S. states, and it also serves Canada, Mexico, the Bahamas and the Far East. UAL proudly proclaims United "the world's largest investor-owned airline," and it appears to have recovered successfully from last year's pilots strike, regaining its top-ranked 17% market share among U.S. airlines by pushing AMR Corp.'s American Airlines back into its former No. 2 position.

United's purchase of Pacific routes from Pan Am added 2,700 employes to the company's payroll and several million dollars to its ad budget, handled by Leo Burnett USA, Chicago. Ads themed "A fresh breeze across the Pacific" introduced the new service with a Japanese-style theatrical approach, while later ads highlighted cities and schedules.

The airline has continued its long-running "friendly skies" theme, basically unchanged since Burnett won the account in 1965. This year, it added a minicampaign, themed "I need a vacation," to promote low summer fares in the U.S. A modified extension will continue through the fall, vp-advertising John Ruhaak says. Network tv spending has increased, particularly for the Far East introductory campaign, while the airline continues to rely on newspaper and radio ads for standard fare and schedule information.

United also added a new discounted fare class for tickets purchased 14 days in advance, joining the heavily restricted 30-day advance purchase ticket and unrestricted fares requiring purchase seven days or less in advance.

United's Hawaii bookings have continued strong, while the airline also has established a new north-south hub at Washington's Dulles International Airport to connect Northeast and Southeast cities.

The new hub joins those in Chicago, Denver and San Francisco. Departures from United's Chicago headquarters hub alone represent $2 billion in revenues.

The airline belatedly has made a strong push into smaller regional destinations, forging marketing links with Air Wisconsin, Appleton, Wis., and Aspen Airways, Denver, in which both carriers' planes were renamed United Express.

The linkup enables the smaller airlines to provide "feeder" traffic to United's vast domestic and international route systems. Computer reservations terminals now use United's designator codes for the newly added flights, and schedules and fares have been integrated.

Hertz Corp., which reported only four months of operations under UAL in 1985, had disappointing earnings on intense competition in the rental car industry. The company says its costs of doing business climbed 6% in the past two years, while rental prices rose just 2%. Still, Hertz by January had achieved a 32.8% share of airport car rentals, compared with No. 2 Avis, with 26.2%.

The company had "fleet utilization" —similar to airlines' load factors—of 72% last year.

The company last year began updating its service offerings, adding computerized driving instructions at 62 locations and testing an automated rental and return system at others. It also has expanded nationwide a toll-free emergency road service. Its estimated $22 million ad spending this year has been used to promote these service offerings under the new theme, "Don't just rent a car, rent a company."

Hertz no longer promotes its leadership position in the market.

The Seattle-based Westin Hotel chain pushed up net income as it added new properties and accelerated its practice of selling older units to partnerships while retaining management contracts.

The chain added new hotels in Denver, New Orleans and Washington during 1985 and has opened new hotels and resorts in Singapore and Stamford, Conn., so far in 1986. Other new units opening later this year are in El Paso, Tex., and Fort Lauderdale, Fla. Like United, Westin's primary international presence is in the Far East. Individual hotels and hotel groups are advertised by local agencies on an independent basis using separate ad budgets.

Cole & Weber, which last year lost the corporate ad account to DYR, retains pr duties for the chain.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$9,969	$7,840
Newspaper	19,987	6,112
Newsp. supp.	174	358
Bus. pubs.	150	74
Network tv	29,940	29,253
Spot tv	18,577	24,416
Network radio	1,447	0
Spot radio	13,386	6,802
Outdoor	786	628
Network cable	1,390	674
Total measured	95,807	76,157
Unmeasured	49,193	39,104
Total	145,000	115,260

UAL INC.
1200 Algonquin Rd.
Elk Grove Village, Ill. 60007
(312) 952-4000
UNITED AIRLINES
Elk Grove Village, Ill.
Marketing Personnel
John R. Zeeman, exec vp-mktg & planning
James Goodwin, sr vp-marketing
John E. Ruhaak, vp-adv & promo
John C. Blackman, vp-genl sales mgr
Donald C. Moonjian, sr vp-genl mgr, Pacific div
Christopher D. Bowers, vp-mktg mgmt
William F. Alenson, dir-adv
Al E. Sortwell, mgr-adv
William D. Groundwater, mgr-adv
Richard A. Veatch, mgr-promo
Suzanne B. Weiss, mgr-Mileage Plus
Advertising Agency

Leo Burnett USA—United Airlines—Jim Thompson, sr vp-acct dir; John Goad, Jack Woods, vps-acct supers; Jill Baskin, Mike Arnold, Dave Palmer (Honolulu), Dick Treat (Los Angeles), Joy Wingren, acct execs.

WESTIN HOTELS & RESORTS
Seattle, Wash.
Marketing Personnel
William Newman, sr vp-mktg
David Evans, vp-group sales
Ulrich Schwartz, vp-tour travel & incentive sales
Ron Olstad, vp-new prod mktg
Harvey Cannova, mgr-reservations system
Jim Weiss, mgr-travel industry sales
George Chambers, dir-adv & pr
Laura Thompson, adv mgr
Michele Holter, pub rels mgr
Advertising Agencies

Cole & Weber, Seattle—some Westin Hotels, corporate pr—Jim McFarland, vp-publicity.

DYR, Los Angeles—Westin Hotels corp —David Willoughby, exec vp-genl mgr; Hildie Neuman, vp-mgmt super; Ed Aroyan, acct super; Linda Jones, acct exec.

HERTZ CORP.
New York
Marketing Personnel
Brian J. Kennedy, sr vp-mktg
Malcolm Speed, vp-mktg
David Hahn, dir-adv and mktg programs
Joan Bullwinkle, dir-leisure mktg
Cathy Hoag, mktg mgr
Robert Lande, mktg mgr
Sal Cusamato, mktg mgr
Lynn Pelletier, mktg mgr
Advertising Agency

Scali, McCabe, Sloves, New York—Murray Gaylord, exec vp; Steve Friedman, sr vp-mgmt super; Bo Overlock, acct super; Meg Malone, Michael Perry, Debbie Weintraub, acct execs; Phyllis Milrod, acct coord.

RANK **19**

Unilever U.S.

New York

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	24,205	18,760	29.0
Net income	748	583	28.3
U.S.	**1985**	**1984**	**% chg**
Sales	4,188	3,606	16.1
Operating profits	157	220	(28.6)
Advertising	414	399	3.7

Netherlands-based Unilever B.V. viewed the U.S. market with a two-fold strategy in 1985: Acquisition and intensified marketing. While the acquisition attempts went awry, stepped up marketing efforts helped the company build market share against major competitors like Procter & Gamble, which outbid Unilever for Richardson-Vicks in its major acquisition disappointment.

The domestic arm of Unilever, including National Starch, Thomas J. Lipton Inc. and Lever Bros., refocused its attention on the U.S. consumer products and personal products sector in 1985, seeking to grow through acquisition.

When Richardson-Vicks rejected its $1.24 billion bid for P&G's $1.55 billion offer in September, Unilever vowed to continue its acquisition search. It subsequently was linked as a potential buyer of Gillette, Beatrice, Chesebrough-Pond's, although no buyouts materialized.

According to the company, R-V "would have been an extremely good strategic fit, but we were not prepared to pay more than our assessment of its worth and were overbid." Stung but not beaten by its loss to P&G, Unilever through its Lever Bros. unit went after P&G's marketing lead, particularly in the personal products and detergent sectors.

Lever Bros. expended $102 million on new product investment, up from $62 million in 1984.

The company brought in Wayne Nelson, noted for his business-building savvy, to be president of the personal products sector. The appointment of the former Johnson & Johnson and P&G exec was seen as a move to resuscitate the flagging division, especially in toothpastes, where market shares have remained flat compared with growth of P&G and Colgate-Palmolive.

In April, 1985, Lever Bros. moved Aim toothpaste to SSC&B:Lintas from Ogilvy & Mather. Aim had been steadily dropping in market share, reaching a low of 7% in 1985, down from 10% in 1984.

Aim's all-time high was 14%. Heavy competition from P&G's Crest with 31% of the category and Colgate with 23% prompted Lever to raise spending for Aim to $20 million, up 40%. Lever's Close-Up remained at the 8% market share of 1984. Both Aim and Close-Up joined the crowd in introducing pump versions in 1985.

By far, Lever's strongest marketing assault in 1985 was on the detergent market, where the company sought to stem Tide powder's No. 1 spot, or 22.5% share, of the $2.95 billion heavy-duty laundry detergent segment. Lever's Surf powder, tested in Houston, claimed a 13% share of the market. It had an estimated $1.6 million in measured spending. It had only 50% distribution in the U.S. as of July, 1986.

The company also put big promotional and advertising bucks behind Wisk, the No. 1 brand in the liquid category, matching P&G's $50 million spending for Liquid Tide dollar for dollar.

As a result, Lever not only defended its top position in the $1 billion liquid detergent market, but raised its share from 8% to 8.8% during the first half of 1985. A powder version of Wisk is currently in test.

Encouraged by the success of Wisk liquid, Lever introduced a liquid automatic dishwasher detergent under the Sunlight name. In 1985, Sunlight automatic dishwashing powder, which reached a distribution of 25% of the country, grabbed a 20% share of those markets, a considerable jump from 8% in 1984.

According to Leading National Advertisers, spending for Sunlight dishwasher detergent reached $26.4 million in 1985, up 36%.

Lever continued to pummel away at P&G's 46.7% share of Downy's liquid fabric softener market share with liquid Snuggle. Snuggle, which reached national distribution in August, attained a 30% share two months later through aggressive spending of $15.3 million in measured media—up from $2.8 million in 1984—according to LNA.

SSC&B, which handled the introduction, also introduced nationally Snuggle fabric softener sheets with a $3.2 million budget in network, spot and cable tv, according to LNA. Volume growth for Unilever in the detergent sector was 15% in 1985, according to the company.

In the shampoo market, Unilever's Dimension barely worked up a lather with a 3.6% dollar share of the $1.24 billion shampoo market, despite projections of a 6% share by analysts. The splash made by P&G's spinoff of its bar soap, Ivory shampoo, with a 5% share, was the impetus for Lever Bros. to consider extending its Dove into a high-margin upscale shampoo. J. Walter Thompson USA is the agency; Dimension Shampoo and Conditioner received $6 million in measured support in 1985.

Lever Bros. foods division proved particularly strong in the $1.6 billion retail margarine sector, where Lever's Shedd's Spread Country Crock line, acquired in 1984, bolstered by a new corn oil spread and a stick called Classic Quarters, moved the brand into the No. 1 position in the intermediate segment, which accounts for 60% of the margarine sold annually. A $10.4 million campaign by Stone & Simons, Southfield, Mich., put Shedd's in the lead as the highest spender in the margarine race in 1985. Promise, with less than $1 million in spending, remained with a 1% market share.

Lever also extended Mrs. Butterworth's syrup into a light form backed by $2.4 million in measured spending in 1985.

In 1986, Clive Butler was named to head Lever Foods division, which became Lever's second largest business in 1985, experiencing a 20% volume gain.

Unilever's Thomas J. Lipton unit was strengthened in 1985 with new products and the appointment of James Benson to senior vp-marketing, a post that had been vacant for nearly two years. In September, Lipton rolled out International Soup Classics and repackaged and expanded its Hearty Soup mixes. Lipton is the market leader in dry soups with a 27.6% dollar share of the $434 million category. Lipton spent $25 million on advertising its various soup lines, according to LNA, up 23%. Major lines making up the total were instant soups, measuring $16 million in advertising, up 8.7%, and Cup-a-Soup, $6.9 million, down 8%.

Lipton's decaffeinated tea, which had been slated for a 1983 rollout and was held up by production difficulties, was launched nationally in the last quarter of 1985. SSC&B themed the ads, "Lipton tea, you made decaffeinated just for me." LNA put spending for the product at $1.6 million in 1985.

Pitting itself against General Food's Crystal Light in the powdered NutraSweet flavored drink segment, Lipton introduced Sunkist Light in eastern and southern markets in June, 1985, and backed it with $2.5 million for the year. Lipton was expected to match GF's ad budget for the new brand, which was $18 million in 1985, according to LNA. Sunkist Light agency is Foote, Cone & Belding, New York.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$18,252	$19,262
Newspaper	2,398	3,141
Newsp. supp.	870	1,897
Bus. pubs.	150	161
Network tv	153,754	142,982
Spot tv	56,415	59,600
Network radio	1,255	0
Spot radio	2,114	1,034
Outdoor	19	0
Network cable	2,363	1,004
Total measured	237,589	229,080
Unmeasured	176,034	169,730
Total	413,623	398,810

UNILEVER U.S.
10 E. 53rd Street
New York, N.Y. 10022
(212) 688-6000
LEVER BROS. CO.
390 Park Ave.

Marketing Personnel

Richard C. Butler, dir, Lever media group

HOUSEHOLD PRODUCTS DIVISION

Corporate Personnel

John R. Cookson, president

Marketing Personnel

John R. Speirs, mktg vp
Shelly A. Bigelman, mktg mgr-bar soaps
George T. Mayer Jr., mktg mgr-laundry care
Edward J. Chima, mktg mgr-hard surface cleaners
George J. Franzen Jr., sales vp
William J. Gentner, mktg mgr-laundry additives
Robert E. Norris, natl sales mgr-field sales
John A. Turner, mktg mgr-new categories
Gloria B. Deragon, mktg rsch dir
Nancy S. DeKraker, dir-promo services

PERSONAL PRODUCTS DIVISION

Corporate Personnel

Wayne K. Nelson, president

Marketing Personnel

Patrick J. Choel, mktg vp
Brian F. Buckley, mktg mgr-dentrifice
Susan Coleman, mktg mgr-fragrances, oral hygiene
Stephen B. Galasso, mktg mgr-hair and skin care
Paul E. Regan, sales vp
Patrick J. Peters Jr., genl sales mgr
Joan E. Flesch, mktg rsch dir
Carl J. Napor, promo planning dir

FOODS DIVISION

Corporate Personnel

A. Clive Butler, president

Marketing Personnel

John O'C. Nugent, mktg vp
Michael E. Bauer, mktg dir
Celene Varasano, mktg mgr
Leonard C. Giambrone, sales vp
Lynn Johnson, mktg rsch dir
Susan Farrow, promo devel mgr

SPECIAL MARKETS DIVISION

Corporate Personnel

Gerald V. Batti, vp

Marketing Personnel

E. Russell Sherwood, mktg dir
Jerry A. Westman, genl sales mgr-armed forces domestic
Thurlow C. Morgan, genl sales mgr-civilian mkts
S. Ray Marks, sales planning dir

INDUSTRIAL DIVISION

Corporate Personnel

Conrad W. Petersen, genl mgr

Marketing Personnel

Riley N. Stone Jr., mktg mgr
Harold W. Jackson, sales mgr-detergents & toiletries
Joseph P. Kysel, mgr-detergent & chemical prods
David L. Gershman, sales mgr-government accts

Advertising Agencies

BBDO, New York—Wisk and Breeze detergents, Sunlight dishwashing detergents, Caress bar—Don Maurer, Martin Hummel, acct supers; William Heath, mgmt super. Lux liquid, Signal mouthwash—Marcia Walcyk, acct super. Mrs. Butterworth's syrups—Margaret Evans, mgmt super, Amy Ross, super. Selected brands in Puerto Rico for Special Markets div.

Richard Lewis Corp., Scarsdale, N.Y.—industrial & institutional prods—Richard Byer, president.

McCann-Erickson, New York—Promise spreads, I Can't Believe It's Not Butter—Gunnar Wilmont, sr vp-group dir; Pat Higgins, vp-mgmt rep; Linda Luca, acct super.

Moss & Co., New York—military mkt, Hawaii, Alaska, and Guam for special mkts div—Harry Reingold, acct super.

Ogilvy & Mather, New York—Dove bar—Jean Fitzgerald, mgmt super; Myra Maultasch, acct super; Peter Ligouri, acct exec. Final Touch fabric softener—Jean Fitzgerald, mgmt super; Barbara Johnston, acct super; Meryl Pearlstein, acct exec. Imperial margarines/Krona spread—Penny Bernstein, mgmt rep; Caroline Johnston, acct super; Meryl Dittenheimer, acct exec. Surf detergent—Jean Fitzgerald, mgmt super; Amy Kroninger, acct exec; Steve Kenety, acct exec.

SSC&B:Lintas, New York—Concentrated All and liquid All detergents, dishwasher All, Shield, Lifebuoy soaps—Claire Berkeley, mgmt super; Russell Nype, acct super; Marcie Mandell, acct exec. Concentrated/liquid All, Snuggle fabric softener sheets—Claire Berkely, mgmt super; John Chandler, acct super; Cindy Wilford, acct exec. Snuggle fabric softener liquid—Claire Berkley, mgmt super; John Chandler, acct super; Tom McDermott, acct exec. Aim toothpaste—Lucy Loux, mgmt super; Bill Vitriol, acct super; Sarah Bell, acct exec. Aim toothbrush—Lucy Loux, mgmt super, Bill Vitriol, acct super; Carlton Reid, acct exec. Pepsodent toothpaste—Lucy Loux, mgmt super; Bill Vitriol, acct super. Impulse body spray—Lucy Loux, mgmt super; Andy Lockhard, acct super; Deborah Burke, acct exec.

Stone & Simons, Southfield, Mich.—Shedd's spreads, Country Crock spreads, Mrs. Filbert's margarine—Howard Dembs, super; Doug Stone, Lori Young, acct execs.

Sudler & Hennessey, New York—professional programs—Wayne Traub, vp-acct super.

J. Walter Thompson USA, New York—Close-Up toothpaste, Dimension shampoo & conditioner, Rinso detergent, Dove dishwashing liquid, Lux soap—Steve Dworin, sr vp-mgmt dir; Bea Lothrop, vp-sr acct super. Dimension/Timotei—Steve Dworin, sr vp-mgmt dir; Bill Gross, vp-sr acct super; John Mittnacht, acct exec.

THOMAS J. LIPTON INC.
Englewood Cliffs, N.J.

Corporate Personnel

Hubert M. Tibbetts, president-ceo
Dolph W. von Arx, exec vp-genl mgmt group

Marketing Personnel

James W. Benson, sr vp-mktg
Gerald B. Boycks, vp-beverage div
Anthony L. Franke, vp-foods div
Elwood L. Qualls, vp-genl mgr-broker, prods/special mkts div
Edmund Ladendorff Jr., vp-mktg support and devel
Max J. Ballard, genl mgr-Good Humor
John W. Starr, genl mgr-foodservice/bottler's concentrate div
Anthony G. Montuori, dir-sales promo & coord
Vivian Bruno, dir-mkt rsch
Bruce Honeig, dir-media services
Theodore Labiner, dir-creative services
David P. Bell, dir-prod mgmt, regular & special teas
Gregory G. Knoll, dir-prod mgmt, soup and recipe prods
Allen L. Carlson, dir-prod mgmt, new projects
Daniel Morrison, dir-prod mgmt, frozen & chilled prods
Bruce S. Belowich, dir-prod mgmt, convenience teas
Richard P. Kundrat, dir-prod mgmt, meals, side dishes & new prods
Angelo LaMantia, dir-prod mgmt, condiments & snacks

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, Chicago—Lipton Noodles & Sauce, Lipton Rice & Sauce, Pennsylvania Dutch egg noodles, Knox gelatin—Michael Peroff, sr vp-mgmt super; Sven Welander, acct super.

Dailey & Associates, Los Angeles—Lawry's Foods—Stephen Chabre, genl mgr-coo; John Crosson, acct exec.

Foote, Cone & Belding, Leber Katz Partners, New York—Wish-Bone salad dressing, Sunkist juices, Sunkist Fruit Rolls, Sunkist Fun Fruits, Country Inn salad dressings—John Howard, sr vp-group mgmt dir; David M. Roethgen, vp-mgmt dir; Marc Rappin, Fred Reffsin, acct dirs; Bruce Bollinger, Wendy Tilles, acct execs.

HBM/Creamer, New York—foodservice—Marvin Haas, mgmt super.

Matsumoto-Herzog, Los Angeles—Lawry's Restaurants—Phil Callihan, acct exec.

SSC&B:Lintas, New York—convenience teas—Edward Parker, mgmt super; Jodi Weithoff, vp-acct super; Kathleen Cusack, acct exec. Regular tea—Ned Parker, mgmt super; Robert Nadelman, acct super; Cecily West, acct exec. Specialty and herbal teas—Hal Rover, vice-chmn; Edward Parker, mgmt super; Jodi Weithoff, vp-acct super; Kate Lanigan, acct exec. Cup-A-Soup—Donald Linton, sr vp-mgmt super; Brad Majors, acct super; Peter Klinge, acct exec. Good Humor—Edward Parker, mgmt super; Sharon Treacy, acct super; Steve Moskowitz, acct exec.

Young & Rubicam, New York—Lipton soup mix—John Hatheway, exec vp-group dir; Edward Concannon, vp-acct super; Cathy McCarthy, acct exec.

Perspectives from an ANA director

Supporting right to advertise is No. 1

Martin L. Orlowsky, executive vp-marketing and sales, R.J. Reynolds Tobacco Co., says he sees the Association of National Advertisers moving toward being a stronger voice in advertising and the role of the advertiser in our society.

"Certainly the ANA stands strongly for the right to advertise. With our complex environment, there should be the opportunity to communicate in a responsible manner. In today's world, communication is complex and subject to influence, and clearly Congress has taken an active role in assessing this area. I'd say that's the single most important area for ANA today," he says.

On other current advertising issues, Mr. Orlowsky who serves on the ANA executive committee, the National Advertising Review Board and the magazine advertising standing committee, says there is increasingly more market segmentation and use of promotion.

"Segmentation has had an impact on media with regional use of tv, magazine and local radio. Marketers are more knowledgable [about] where business opportunities are best maximized.

Martin L. Orlowsky
R.J. Reynolds Tobacco Co.

"Geographic/demographic segmentation allows marketers to be more targeted. There is movement toward less homogenous U.S. [targeting] and more specific targeting."

The Long Island University graduate says that promotion is being used more often today.

"Promotion may be in lieu of media advertising for a lot of product categories because they are competing in ways they haven't in the past. Promotion offers different opportunities. It uses the entire marketing mix. It is recognition that promotion action offers more leverage."

Mr. Orlowsky, who has extensive agency experience, was senior vp and director of marketing and media services at Needham, Harper & Steers before joining Reynolds in 1977. Before Needham, he was vp-associate media director at Grey Advertising and worked at Young & Rubicam and Compton Advertising.

Union Carbide Corp.

RANK **77**

Danbury, Conn.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	6,596	9,508	(30.6)
Net income	(581)	323	(279.9)
U.S.	**1985**	**1984**	**% chg**
Sales	6,371	6,766	(5.8)
Operating profits	560	677	(17.3)
Advertising	110	97	12.9
Division sales	**1985**	**1984**	**% chg**
Petrochemicals	2,379	2,636	(9.7)
Industrial gases	1,582	1,522	3.9
Metals, carbon	770	977	(21.2)
Consumer prods.	1,967	1,907	3.1
Technology	2,305	2,466	(6.5)

Union Carbide is a mere vestige of its former self. Gone are the batteries, the auto and home products among others that put it in the public eye. "We're turning into a *new* Union Carbide with more focus, simpler product lines. This is a new beginning," says a company official.

What remains is a smaller company, with total annual sales at about $7 billion compared to $9 billion last year. Advertising will be much reduced. A Union Carbide source says basically all of the company's advertising now will be to its technical trades only.

The new beginning for the chemical maker comes after a year or more of suffering like a sort of corporate Job through repercussions of the lethal chemical spills at Bhopol, India, and Institute, W. Va; layoffs and closings, company restructuring; and a takeover attempt by GAF Corp., Wayne, N.J.

In the immediate post-Bhopal pe-in late 1984, Union Carbide's stock fell to 30¾ a share in December, 1984, but during the confidence-building time of restructuring the stock began to climb, going into the 60s by October, 1985. Taking note were investors, including GAF, a chemicals and building materials marketer, which offered in December, 1985, $4.3 billion for the much larger Union Carbide. GAF planned to finance the takeover by selling off Union Carbide's consumer products lines. A "boot strap, junk bond, bust up deal," cried Union Carbide's Chairman Warren M. Anderson. GAF withdrew its bid this January, 1986. At that point, UC began to bust up itself.

In protecting itself against this and similar takeover attempts, Union Carbide developed a strategy to sell its most immediately attractive businesses and buy back a large amount of its stock.

The consumer products segment was put up for sale in January. Two weeks later, Union Carbide repurchased 38.8 million shares of its common stock for $775 million cash and $2.55 billion in debt securities.

In April, 1986, Union Carbide sold its Glad plastic products line and its Prestone antifreeze and other automotive products to First Boston, Inc., New York, investment bankers, in an $800 million leveraged buyout. Included in that sale was STP Corp., Ft. Lauderdale, Fla., which Union Carbide had bought from Beatrice Cos. in April, 1985, for $87 million.

Starting July 1 as First Brands Corp., the company has two divisions, home products and automotive products, and continues to be housed at Union Carbide's headquarters complex in Danbury, Conn.

According to Jim Timmes, First Brands' home products advertising manager, "Basically we expect to have the same advertising/marketing program for the Glad line of wrap and bags . . . and will continue the products with our agency, Leo Burnett, Chicago. One difference is that we will shift to a July 1-June 30 fiscal year from a calendar year."

Speaking for the other First Brands line, Stuart Benedict, advertising manager of automotive products, says, "Basically our products are not changed—Prestone, STP, Simoniz. We're going to support the brands well, and we're ready for the competitive fall market for antifreeze."

Also in April, 1986, Union Carbide announced the sale of most of its Eveready battery business to Ralston Purina Co., St. Louis, for $141 million. The new unit is to be called Eveready Battery Co.

"Technically the sale was Eveready battery properties and markets worldwide," explains George Klein, marketing-advertising manager for Eveready, "but because of varying conditions in different markets, the sale process is still going on." The battery management operations are to remain in the Danbury offices until July 1, 1987, with an expected management move then to St. Louis. Expectations are that First Brands and Eveready will continue to obtain manufacturing materials from Union Carbide.

During these mega-shifts in ownership, speculation has centered around the future of the big ad billings involved, including nearly $15 million for Prestone, Simoniz, and STP products plus about $23 million for Glad wrap at Leo Burnett USA, Chicago, and $28 million for Eveready/Energizer batteries at William Esty Co., New York.

Sales for the newly trim Union Carbide in the first six months of 1986, were just a shade ahead of last year, reaching $3.36 billion in June, 1986 compared to $3.36 billion in June, 1985. Net income from operations was down 45% to $95 million from $172 million.

Eveready Energizer-labeled battery products took the biggest part of the company's total measured advertising of $68.6 million, up 13% from 1984. The brand drew $27.6 million, up 24%, in measured advertising support. Included was a major campaign for the new supercharged "AA" Energizer battery which kicked off in August with the energetic Olympic gold medal gymnast, Mary Lou Retton, who led off commercials with, "Now! The Longest Lasting Energizer Ever."

The Eveready line is in its heaviest competition yet as Rayovac, moving to make a comeback, now has 10% of the market, and leader Duracell controls 48% to Eveready's 42%. The biggest part of Eveready spending is for network tv which rose 25% in 1985, to $25.6 million.

Union Carbide's second heaviest ad spending was for its Glad wraps and bags, which took 35% of the total budget, or $22.8 million, up 72%. Spot tv spending more than tripled for Glad in 1985, shooting to $7.3 million from $2.2 million the year before, while network tv was off 9%, falling to $9.97 million.

Advertising for antifreeze leader Prestone, with about 53-55% of that market, was up 9% for the year, to $8 million. Northern Petroleum's Peak is now the No. 2 brand. The major ad medium for Prestone, network tv, rose 9%, to $7.3 million.

Union Carbide gave good support to the new STP brands it acquired in April, 1985, from Beatrice Cos. Total advertising spending for eight STP oil, gas, and cooling-system products was $6.7 million, up 21% from Beatrice support in 1984. Biggest backing was on network tv where the total rose 9%, to $3.6 million. Spot tv was off 4%, to $1.54 million.

Simoniz car wax, which has 10-12% of that market after Du Pont and Turtle Wax, was supported by $226,900, all for spot tv. This was just about one-quarter of the $927,700, spent in backing Simoniz in 1984.

In 1985, the consumer products division realized 3% higher sales, to $1.97 billion in 1984 and inching up 1% in operating profits to $229 million.

Union Carbide Corp. now consists of four business segments: Chemicals & Plastics, a core group of the company, producing common plastics and many materials of common products; Industrial Gases—the Linde Division—an international business and the biggest source of industrial gases in the Western Hemisphere; Carbon Products, maker of custom-designed carbon and graphite components in high-heat—usually industrial applications; and Specialties & Services, called by Union Carbide "a broad family" of businesses to supply needs ranging from high-tech electronics materials to bottled oxygen for home medical use.

Commenting on the new directions, securities analyst James Wilbur of Smith, Barney, New York, says the bulk of the chemical industry has been shifting to production and products with more consumer franchises, "so this is sort of a strategic setback for Union Carbide. This does more than move them back to their original operational base. It exposes them to more cyclicality." He explains further, "But they have scaled down more wildly. Carbide had gotten a bit more gangly even than most of the chemical companies. This forces on them a kind of efficiency."

Concerning the future of the new Union Carbide, he says, "First Boston (which bought the household and automotive lines) probably will only temporarily hold the companies as an intermediate owner, then will transfer control to others."

Union Carbide, prior to its sale of its consumer lines, went through a massive restructuring in August, 1985, that included write-offs and write-downs of assets plus big staff cuts worth $1.2 billion, and the divestiture of units that the company termed "non-strategic" businesses. More than 4,000 employes were released under restructuring in 1985; another 2,711 left Jan. 1, 1986. Union Carbide employment has decreased for several years, and while the company's worldwide employment fell 2% from 1983 to 1984, it dropped 7% from 1984 to 1985. Altogether, the company expects restructuring and other changes to cut its executive staff by about 50%.

Mr. Anderson, chairman, announced his retirement, effective the end of 1986.

In the first quarter, 1986, Robert D. Kennedy, who was president, became president-ceo. Presidents of the four new business segments are: Chemicals & Plastics, H. William Lichtenberger; Industrial Gases, John R. MacLean; Carbon Products, Vance E. Sonnenberg; and Specialties & Services, Heinn F. Tomfohrde III.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,746	$1,018
Newspaper	714	1,649
Newsp. supp.	105	1,388
Bus. pubs.	2,851	3,230
Network tv	46,460	42,367
Spot tv	9,936	4,589
Network radio	2,091	291
Spot radio	966	3,581
Outdoor	1	1
Network cable	1,469	419
Farm pubs.	2,228	2,210
Total measured	68,567	60,743
Unmeasured	41,433	36,704
Total	110,000	97,447

UNION CARBIDE CORP.
39 Old Ridgebury Rd.
Danbury, Conn. 06817-0001
(203) 794-2000

Marketing Personnel

J.W. Goetz, dir-corp communications
J.P. Brierley, mgr-Headquarters business services
J.M. Timmes, dir, adv-sales promo, home & auto prods
G.D. Klein, mktg mgr-adv, battery prods
J.A. [illegible]ruoton, mgr-mktg communications, electronics div
J.S. Witemeyer, mgr-communications, specialty chemicals div
S.M. Casto, mgr-communications, carbon prods div
P.J. Lavelle, mgr-communications, specialty polymers div
J.D. Secor Jr., dir-communications, Linde div
W.E. Mainella, mgr-communications, solvents & coatings materials div
Eileen Lasowski, mgr-communications literature, industrial chemicals div
L.A. Agnello, dir-communications, polyolefins div
R.A. Mariani, mgr, molecular Sieves, Unison Transformer Services
James E. Casey, mgr-adv, agricultural prods
C.R. McKinsey, mgr-mktg services, coatings service, engineering prods div
Mark Miller, mktg communications mgr, engineering prods & process

Advertising Agencies

Ally & Gargano, New York—Simoniz car waxes & Prestone car care prods—Dennis Visich, mgmt dir; Louis Killeffer, vp-acct super.

Leo Burnett USA, Chicago—automotive prods—Bill Haljun, mgmt dir; Mike Miller, vp-acct super; Michelle Kristula-Green, Warren Guthrie, acct execs, Glad prods; Hank Feeley, mgmt dir; David Smith, acct super; Tim Ronan, acct exec, Prestone Anti-Freeze.

DDB/Needham, New York—chemicals and plastics—H.F. Berteau, acct super; Abby Mann, acct exec.

Downs Group, Charlotte, N.C.—electronics div—Tyler Glen, acct exec.

William Esty, New York—battery prods div—Harold Greer, sr vp-mgmt super; Ken Hite, sr vp-sr acct super; Whitney Beebe, vp-acct super; William Gibbons, Donald Gahan, John Owen, acct execs.

Fletcher/Mayo/Associates, Atlanta—agricultural prods—Mary Jane Duff, acct super.

Fulton & Partners, New York—Linde div—Joseph Rinaldi, exec vp-acct super.

Garrison, Jasper, Rose & Co., Indianapolis—coatings service—Tom Jasper, Jim Gray, acct execs.

The Highland Group, Southport, Conn.—chemicals—Bob Heintz, vp.

J.P. Hogan Inc., Knoxville, Tenn.—chemicals & plastics—R.J. Luedeka, acct super.

Manning & Associates, San Diego—materials group, electronics div—Donald S. Manning, acct mgr.

Marquardt & Roche, Stamford, Conn.—engineering prods & processes—Bill Hinds, acct exec.

Mintz & Hoke, Avon, Conn.—molecular sieves, catalysts & process systems div—Joseph M. Heke, president-creative dir; Dale Kesel, exec vp-genl mgr.

Ogilvy & Mather, Atlanta—agricultural prods div (specialty mkts)—Kathy Pinner, acct super.

Poppe Tyson, div of D'Arcy-MacManus & Masius, New York—chemicals, Linde div—Diane Frattine, J. Miknich, acct execs.

Quilty Group, Croton-on-Hudson, N.Y.—Polyolefins—Ken Quirk, president.

STG Marketing Communications, Fairfield, Conn.—carbon prods div—George Crosby, vp-acct super.

RANK
33

U.S. Government

Washington

($ in millions)

U.S.	1985	1984	% chg
Sales	N/A	N/A	N/A
Advertising	259	288	(10.0)

The U.S. Government's advertising spending dropped 10% in 1985 as the government's largest spenders—the U.S. Postal Service, Amtrak, military services and the Treasury Department—eliminated programs or opted for smaller increases.

Military service recruiters, with the lion's share of the U.S. ad budget, checked in with only a 7% increase in fiscal 1985, or $177.5 million. The Pentagon wanted to spend closer to $190 million. For fiscal 1986, military personnel estimate they will spend 8% more, or $192.4 million.

The Postal Service, faced with dire predictions of deficits, cut its ad budget last year by 5% to $39.7 million and intends to spend about the same amount this year.

Amtrak in fiscal 1985 spent nearly 9% more, or $28.6 million, but in 1984, it had rolled in with a 25% budget hike. And the Treasury Department phased out its $40 million campaign for Olympic gold coins. It plans more conservative spending—about $20 million in fiscal 1986—for its Statue of Liberty gold coin program.

The military services, USPS, Amtrak and Treasury together account for nearly all of the government's advertising. The rest of government is likely to spend even less in the next several years; congressional budget-slashing has forced many bureaucrats to scrap plans for public service campaigns.

This year has been turbulent for the Pentagon's recruiting efforts. Defense Secretary Caspar Weinberger wants to put more money into the joint services advertising account and take away dollars from the individual services' efforts. He is said to believe this will be a more cost-effective way to bring in recruits.

Next fiscal year the department wants a $223.2 million ad budget, with the joint service program looking to double its budget to $31.3 million. Grey Advertising, New York, handles the account, which is one of five military ad contracts under review.

In 1984, the services enjoyed their best year ever in signing up new recruits, and 1985 was nearly as productive. In the first half of 1986, however, Navy recruiting, despite a $10 million ad budget increase, was lagging, while the other services were meeting their goals. Because the pool of high school students will decline in the next several years, the services see problems ahead and hope to boost their budgets accordingly.

The Army, handled by N W Ayer, New York, wants a $112.8 million budget for 1987, up from the $94.5 million it expects to spend this year. In fiscal 1985, it had a $93.8 million budget, with $18.4 million going to the Army Reserve and the Army Reserve Officers Training Corps.

The biggest spender in the government, the Army in May decided to reopen its contract for review three years early, in part because of the conviction of an N W Ayer vp for embezzling $60,000.

A congressional subcommittee also had threatened to hold hearings on the Pentagon's procedures for awarding military ad contracts, but after the Army announced its contract review, the subcommittee likely will send a letter to the Defense Department suggesting ways to encourage more competition.

The Navy, handled by Ted Bates Advertising/New York, had a 52% budget increase last year, to $19.9 million, and expects to spend $31.2 million this year. Trying to increase its size to staff a larger fleet of ships, the Navy will cut back next year, with a proposed $24.7 million budget.

The Marine Corps, handled by J. Walter Thompson USA, Washington, held steady last year with $17.2 million; it will spend $19 million this year and seeks $18 million in 1987.

The Air Force also was in a budget holding pattern, with $16.8 million in fiscal 1985 and an estimated $16.3 million this year. It wants $18.3 million next year. The account was moved from D'Arcy Masius Benton & Bowles, New York, to Bozell, Jacobs, Kenyon & Eckhardt, New York, effective Oct. 1, 1986.

Army National Guard had $8.4 million last year, $12 million in 1986 and seeks $15 million in 1987. The Air National Guard spent $2.3 million in 1985 and estimates only slightly larger budgets this year and next. Both accounts are with Needham Harper Worldwide, Washington, which decided not to pursue the contract, which expires Sept. 30.

Joint services' ad budget was $18.5 million in 1985 and will be about $16.3 million this year. Grey Advertising, New York, is now the agency, but the contract is under review.

The Coast Guard, whose budget has been slashed to only $588,000 in 1985 and about $508,000 this year, will switch agencies Oct. 1. Thomas Buffington & Associates, Washington, has grown too large to compete for the contract, which is earmarked for small business. The Coast Guard expects it will barely meet its recruiting goals this year, aided by the free publicity it earned by directing ship traffic at New York's Liberty Weekend on July 4.

The Postal Service, handled by Young & Rubicam, New York, spent $17.4 million in measured media on its Express Mail service, which continues to trail Federal Express in sales and ad spending. USPS calculates Federal Express' ad budget is four times greater. Other postal ad dollars back its Zip + Four program targeting companies, stamp collecting, new postal service regional structure and Intel-Post, an unprofitable international electronic delivery service.

Amtrak, under Needham Harper Worldwide, had a $28.6 budget last year and will spend more this year. In January it launched a $25 million "Magic" tv campaign in 22 markets. The new theme, "There's something about a train . . . that's magic," promotes the nostalgia and romance of train travel.

The U.S. has had few new ad campaigns. This year it will spend about $20 million promoting Statue of Liberty gold and silver coins via Grey Advertising, New York. The Treasury Department so far has sold 7.3 million coins and contributed $40 million to the statue's restoration. Advertising will finish at the end of the year.

Treasury is reviewing agencies for a new $5 million to $8 million campaign to advertise U.S. gold coins targeted to investors as competition for the Canadian Maple Leaf. The agency will be selected by September, with advertising to begin in October.

The U.S. Travel & Tourism Administration spent $1.1 million last year via N W Ayer, New York. The "America—Catch the Spirit" print campaign ran in Germany, Canada, Mexico, England, France, Australia, Italy and the Netherlands. The ads included coupons for information on U.S. travel destinations. The response, according to the USTTA, has been favorable, but the White House again has proposed to eliminate the office in 1987.

The General Services Administration last year spent $1.3 million to advertise excess government buildings and land for sale. Kennedy-Wilson, Santa Monica, Cal., handles.

Public service advertising accounted for $8.1 million of the total in 1985, only up slightly from 1984. The Advertising Council handled $2 million in government contracts, down 17% from 1984. The National Highway Traffic & Safety Administration phased out its $480,000 drunken driving campaign, saying the campaign had raised awareness of the problems and local enforcement of drunken driving had increased.

Next year, the Ad Council breaks a $400,000 campaign for the Interior Department's public lands and parks. The Census Bureau also will spend $250,000 to heighten awareness of the 1990 census.

Some government agencies are turning to private groups to help publicize their efforts. For example, this year the Public Health Service and American Red Cross together distributed three spots about AIDS. The Red Cross footed most of the bill.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$37,651	$40,043
Newspaper	10,149	11,497
Bus. pubs.	1,121	1,344
Network tv	54,647	92,687
Spot tv	17,976	16,591
Network radio	6,226	8,633
Spot radio	9,233	7,572
Outdoor	4,906	1,290
Network cable	1,478	131
Total measured	143,387	179,788
Unmeasured	115,663	145,026
Total	259,050	324,814

U.S. GOVERNMENT
DEPARTMENT OF DEFENSE
Washington, D.C.
Staff Personnel

Chapman B. Cox, asst secretary-force mgmt & personnel

Lt. Gen. E.A. Chavarrie, USAF, deputy asst secretary-military manpower & personnel policy

Marketing Personnel

Dr. Steve Sellman, dir-accession (recruiting/adv) policy

Lt. Col. John Ford, asst dir, adv

JOINT RECRUITING
Marketing Personnel

Lynn Lucchetti, dir

Maj. Yolan Laporte, USAF, financial mgmt officer

Lt. Linda Donner, USN, program ad mgr

Cpt. Junior Ortiz, USMC, program ad mgr

Lt. Col. John Ford, USA, contracting officer's rep

Advertising Agency

Grey Advertising, New York—joint recruiting—Robert Ravitz, vp-mgmt rep; Harvey Robinson, mgmt super; Gary Niebauer, Jim Battin, mgmt supers; Len Sussman, vp-acct super; David Stanley, acct super; Sherman Landwehr, business mgr-acct super.

U.S. ARMY/ARMY RESERVE
Staff Personnel

Delbert R. Spurlock Jr., asst secretary for manpower & reserve affairs

Lt. Gen. Robert M. Elton, deputy chief of staff for personnel

Maj. Gen. Allen K. Ono, commanding general, U.S. Army recruiting command

Marketing Personnel

Lt. Col. James Simon, exec dir-mktg & adv

Col. David R. Fabian, dir, adv & sales promo, U.S. Army recruiting command

Advertising Agency

N W Ayer, New York—Army Army Reserve—George Eversman, exec vp-exec acct dir; Howard Stoner, sr vp-mgmt super; Ephraim Goldstein, vp-acct super, strategic planning and rsch; Richard Tobin, vp-acct super, Army field force.

U.S. ARMY ROTC
Staff Personnel

Maj. Gen. Robert Wagner, commanding general, ROTC

Marketing Personnel

Lt. Col. Alex Woods, chief of adv, ROTC

Advertsing Agency

N W Ayer, New York—Army ROTC—George Eversman, exec vp-exec acct dir; Howard Stoner, sr vp-mgmt super; William P. Kelly, vp-acct super.

U.S. NAVY
Marketing Personnel

Capt. R.F. Kelly, dir-recruiting adv

Cdr. Allen Sherwood, dir-adv operations div

Advertising Agency

Ted Bates Advertising/New York—Navy—Mark Morris, exec vp; Dennis Zolnierzak, Don Byer, mgmt reps.

U.S. MARINE CORP
Marketing Personnel

Brig. Gen. J.R. Roy, dir-personnel procurement div

Lt. Col. J.T. Luken Jr., head-mktg branch

Maj. R.A. Canty Jr., asst head-mktg branch

Advertising Agency

J. Walter Thompson USA, Washington—Frank Mangan, group acct dir; Hal Chase, acct super.

U.S. AIR FORCE
Marketing Personnel

Brig. Gen. William J. Porter, commander, U.S. Air Force recruiting service

Col. Melvyn Cummings, dir-Air Force recruiting adv & publicity

Advertising Agency

Bozell, Jacobs, Kenyon & Eckhardt, New York

NATIONAL GUARD
Marketing Personnel

Lt. Col. Robert Baxter, chief, Army National Guard recruiting & retention mgmt center

Lt. Col. Steve Gray, chief, Air National Guard recruiting & retention branch

Advertising Agency

Needham Harper Worldwide, Washington—National Guard—Tim Labus, acct dir; Anthony Angerame, acct super, Army National Guard; Al Cockrell, acct super, Air National Guard; Bill Russell, field force super.

TRANSPORTATION DEPARTMENT
Coast Guard
Marketing Personnel

Capt. Glenn Serotsky, chief, recruiting div

Lt. Cmdr. Philip G. Matyas, chief, recruiting adv branch

Advertising Agency

Thomas Buffington, Washington—Coast Guard—Thomas Buffington, president-acct super.

U.S. POSTAL SERVICE
Marketing Personnel

Mitchell Gordon, sr asst postmaster for mktg and communications

John Wargo, dir-office of mktg

Gary Stevens, mgr-creative services branch

Gordon Morison, asst postmaster-mktg

Advertising Agency

Young & Rubicam, New York-Bud Hall, sr vp, mgmt super; Richard Kebbon, Bill McGorry, Terry Pranses, vp-acct supers; Jay Foley, Jack Lipton, Josh Moritz, acct execs.

AMTRAK
Marketing Personnel

William S. Norman, exec vp-mktg & business devel

Robert E. Gall, vp-transportation mktg, sales & adv

William Castleberry, dir-adv & sales promo

Advertising Agency

Needham Harper Worldwide, New York—Roy Lancaster, sr vp-mgmt rep; Sharon Teal, acct super.

TREASURY DEPARTMENT
Marketing Personnel

Horace Burnett, exec dir, Statue of Liberty coin program

Advertising Agency

Grey Advertising, New York—Robert Ravitz, sr vp-mgmt rep; Paul Myers, vp-mgmt super; Dwight Leeper, acct super; Peter Johnson, acct super; Jan Dobris, vp-acct super business mgr.

RANK

Van Munching & Co. 89

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	414	350	18.3
Net income	N/A	N/A	N/A
U.S. advertising	93	83	12.6

Van Munching & Co., New York, turned in a strong sales performance in 1985, according to the company, which was reflected in increased ad spending in every medium except network radio.

VM, a privately-held company that markets Heineken, Amstel Light and Grizzly Canadian Lager stateside, also remained one of the nation's biggest spenders on spot radio by increasing its 1984 expenditures 3% to $31.7 million in the medium. The company also jacked up its network tv contribution by 116% to $6.5 million, according to Leading National Advertisers.

In a time when the domestic beer segment is flat, the 63-million imported beer segment grew 10% in 1985, driven by yuppies who drink less, but better. And VM, which initiated the segment more than 50 years ago, has continued to benefit from that growth.

The company continues to be the biggest ad spender in the imported beer category—devoting the bulk of its budget to its flagship brand, Heineken. VM backed Heineken with $17.6 million in measured media, an increase of 12% compared with 1984. In addition, the company devoted a large percentage of its $31.7 million spot radio budget to the beer import leader. This year, the company added a new campaign to complement its winning "Come to think of it, I'll have a Heineken" theme. The new theme, "Satisfy your thirst for the best," gives the old theme a twist, while simultaneously reiterating the brew's No. 1 position in the market.

While Heineken's market share continued to decline—moving from 41% in 1980 to 31.7% share in 1985 in the increasingly crowded category, a drop of 2.3% compared with 1984—sales remained healthy. Heineken last year depleted 34.5 million cases, an increase of 3%, according to M. Shanken Communications' *Market Watch*, an industry trade. The brand remains the hands-down beer import leader, followed by Martlet Importing's Molson beer, with a 12.8% share. There are now some 400 import brands on the market.

With Heineken's market share down, VM has turned to new products to maintain its strong position. Next to Heineken, one of the biggest success stories in the business has been VM's Amstel Light beer. Amstel Light, introduced in 1981 continued to soar, moving to 2.4 million cases, up 60% over 1984, according to *Market Watch*. And its measured media spending of $6.3 million, up 125%, reflected this growth.

Amstel is the only light beer on *Market Watch's* Top 10 Imported Beer Brands list. It is ranked eighth. In five short years, Amstel has made a name for itself through a combination of heavy ad support, promotions and a strong distribution network. Late last year, Amstel Light went on network tv, marking a first for the imported light segment. The company spent $2 million in network tv for Amstel, and another $2.4 million in spot tv.

Observers say Amstel's fast success has taken growth away from Heineken, noting that Heineken's sales increases have slowed since Amstel's introduction. The company disagrees, noting that last year it was confident enough in the separate identities of the brands to pair the brews in single retail displays.

VM's success is partly due to the booming imported beer segment, but observers hold high praise for the company's style and leadership. So far, VM has had no product losers. Its newest brand, Grizzly Canadian Lager, is a case in point. While Canadian imports showed a decrease of 2%, according to the National Assn. of Imported Beverages, Washington D.C., Grizzly depletions advanced 24% to 900,000 cases. The brand, which received $196,000 in measured media, is still far behind imported Canadian leader Molson, whose sales were flat in 1985 at 14 million cases, according to *Market Watch*. Early 1985 figures for Grizzly's other competitors showed Moosehead at 7.3 million cases, up 5.8%, and Labatt's at 5 million cases, up 8.7%. Sales for both brews, however, may ultimately reflect different figures when the final tally is in.

Part of Grizzy's success can be linked to VM's fast targeting change, from a beer aimed at 18-year-olds, to a brew skewed toward an older audience. While the initial ad approach targeted the nation's youngest drinkers, the changing drinking age forced the company to aim at the 21-and-up crowd. The ad theme now is "Capture Canada's Bear of Beers." "Eighteen is no longer a useful number," says Alvin Nilson, ad manager. "With the drinking age changed in most of the states, we are automatically skewing toward an older audience."

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$7,842	$6,218
Newspaper	375	321
Newsp. supp.	378	286
Bus. pubs.	160	163
Network tv	6,503	3,004
Spot tv	9,166	8,828
Network radio	284	548
Spot radio	31,720	30,651
Total measured	56,428	50,019
Unmeasured	36,960	32,762
Total	93,388	82,781

VAN MUNCHING & CO.
1270 Avenue of the Americas
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(212) 265-2685
Corporate Personnel

Leo Van Munching Jr., president

Marketing Personnel

John McAna, vp-natl sales mgr

Alvin Nilson, adv mgr

Advertising Agency

SSC&B, New York—Heineken, Amstel Light, Grizzly Canadian Lager—John Grogan, exec vp-acct mgr; Rick Evans, sr vp-mgmt super; Steve Amos, acct super, Heineken; Derek Park, acct exec, Heineken; Tim Franklin, acct super, Amstel and Grizzly; Craig Martin, acct exec, Amstel and Grizzly; Gerry Meagher, acct exec-promo, all brands; Elaine Malave, budget coord, all brands.

RANK

Volkswagen of America 67

Troy, Mich.

($ in millions)

Worldwide	1985	1984	% chg
Sales	21,000	16,364	28.3
Net income	641	82	681.7
U.S. advertising	123	100	23.5

Volkswagen of America, a subsidiary of Volkswagen AG, moved further along the comeback trail in 1985 while positioning itself to rejoin the low-end arena later in 1986.

Advertising spending at the Troy, Mich.-based subsidiary rose 18% and continues to increase, reflecting sales increases and a more competitive U.S. automotive market, which Volkswagen will invade in December, 1986, with its low-end Volkswagen Fox.

The Fox, which borrows a retired Audi division name, will be imported from Volkswagen do Brasil. It is expected to be in the $5,000 price range, about the same or a little less than the Hyundai Excel from South Korea.

The vehicle will be an addition to the VW mainstays—Golf, Jetta, Scirocco, Quantum and Vanagon. The low-end segment is growing rapidly, dominated at present by Hyundai and Yugo, the $3,990 import from Yugoslavia. The category is expected to continue gaining as Japanese marketers move upscale to higher-profit cars while other low-wage nations become sources of inexpensive vehicles, both on their own and as "captive imports" for domestic marketers.

Volkswagen is no stranger to low-priced cars, having established itself in the U.S. with one. But VW has not had a true entry-level car since the Beetle was replaced by the Rabbit in 1975.

The Fox is being counted on to help VW toward a scaled-down goal: 3% of the total U.S. car market by 1990 for Volkswagen, another 1% for Audi. (In a 10 million car market, each share point is 100,000 units.) That is down from an announced goal of 7% when VW's U.S. marketing umbrella included Porsche brand, but more realistic and attainable, says VWoA president Noel Philips.

Just before the 1986 model year began, Volkswagen of America separated the marketing functions of Volkswagen and Audi divisions, following a 1984 study by New York consulting company McKinsey & Co. Ad agency Doyle Dane Bernbach, Troy, Mich., continues to handle both accounts.

VW gave up on trying to treat Audi as a "tradeup" brand for customers who outgrow VW. Research showed the strategy degraded Audi and didn't help Volkswagen. The move allows both brands more freedom to focus their marketing images.

Volkswagen's U.S. 1986 model year campaign concentrated on value, quality and durability messages while retaining the "It's not a car, it's a Volkswagen" theme. One magazine spread showing all the VW models and headlined "The smartest way to spend $50,000 on German engineering is to buy them all" points up not the quality, value and durability imagery, but the German heritage. VW has taken that tack for several years after it went aground playing up the Westmoreland, Pa., assembly of its Rabbits. VW already ignores actual country of origin ad references, which undoubtedly will be helpful with Fox's link to a country not known for auto making.

While the Golf and derivative GTI models are currently the only products assembled at Westmoreland, the feasibility of also building the more popular Jetta there has been under study for more than a year.

There also is an advertising effort to shed a "one-car company" image, which still lingers among prospects who remember the Beetle, before the Fox arrives. That led to VW becoming the first auto marketer to use the new 15-second tv commercial. Starting with the January, 1986, Super Bowl telecast, VW broke a new campaign of 15-second spots on prime-time tv, usually on newsbreaks. All creative featured a single model and a price. The idea was to make more consumers aware of the range of models VW has and prepare the way for Fox.

With the heavy tv campaign, 1986 ad spending picked up quickly as expected and will lead into new Wolfsburg Limited Edition models, four-wheel-drive editions of Scirocco, Vanagon and Quantum in the spring and to the Fox arrival.

But even before the 1986 campaign, network and spot tv jumped from 55% of the measured national budget in 1984 to slightly more than 60% in 1985. Magazines slipped from 41% in 1984 to less than 37% in 1985.

With the 1985 sales gain and the likeliness of further increases in 1986, VW increased factory contributions to dealer ad associations by 25% to 30%. Total funds spent on media purchases by VW-brand dealer associations (groups of dealers in 30 markets) reached an estimated $25 million in 1985, including $7.2 million in measured spot tv. Some dealers fund programs exclusively while VW and the dealers share costs in others. At Audi, dealer group spending is estimated at $12 million. VW's estimated $12 million contribution to the various VW and Audi ad groups is included in the unmeasured advertising tally.

Audi division's rapid growth rate cooled a bit in 1985, despite a renewed effort the last quarter to sell "85 [85,000 units] in '85." "Audi, the art of engineering" ad theme was carried over for the 1986 model year. Tv, equally split between network and spot, got less than two-thirds of Audi's $28.5 million measured media, with magazine buys at $10.9 million capturing nearly all the rest.

The sleek 5000 body style and new derivatives like the performance-oriented fulltime four-wheel-drive 5000 CS Quattro continued to get the lion's share of ad spending, eclipsing the smaller 4000 and Audi Coupe models.

A spring print campaign in magazines and newspapers revived an old VW tradition: Ads without pictures of cars. The campaign used cartoons by well-known artists surrounded by lots of white space in full-page ads touting Audi leases for $298 a month.

In August, 1986, Audi responded to a disputed charge that 5000s were prone to unexpected surges of acceleration. Audi had weathered recall demands by consumer groups and an investigation by the New York state attorney general, but the banning of Audis in a number of New York parking garages finally prompted Audi to run regional ads to counter it.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$35,920	$31,252
Newspaper	10,966	11,051
Newsp. supp.	608	491
Bus. pubs.	270	131
Network tv	34,892	22,024
Spot tv	15,678	15,660
Spot radio	1,957	843
Outdoor	297	774
Network cable	1,116	139
Total measured	101,705	82,365
Unmeasured	21,395	17,327
Total	123,100	99,691

VOLKSWAGEN OF AMERICA
888 W. Big Beaver
P.O. Box 3951
Troy, Mich. 48007-3951
(313) 362-6000
Corporate Personnel

James R. Fuller, vp-Volkswagen United States

Peter Fischer, vp-Audi of America

Marketing Personnel

Richard Marcy, dir-Volkswagen mktg, VWUS

Anthony Kirton, dir-Audi mktg Audi of America

William A. Gelgota Jr., mgr-Volkswagen adv

Bruce Butzier, mgr-Audi adv

George Pizzo, Audi creative adv mgr

Advertising Agency

Doyle Dane Bernbach, Troy, Mich.—

Brian Bowler, president; John W. Palmer, group sr vp-VW; Peter Farago, sr vp-mgmt super, Audi; Bonnie Folster, sr vp-creative dir; Don Ward, vp-mgmt super, VW; Charlie Zollo, vp-acct super, VW (NY); Steve Swanson, acct super, VW; Cathy Lynch, acct super, VW (NY); Kim Byer, acct super, Audi; Jack Cooney, acct super, Audi dealers; John Callahan, sr acct exec, VW; Paul Basil, acct exec, VW; Robyn Reihm, acct exec, VW (NY); Scott Schofding, acct exec, Audi.

RANK 66

Warner Communications

New York

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	2,235	2,024	10.4
Net income	195	(586)	(133.3)
U.S.	**1985**	**1984**	**% chg**
Sales	1,882	1,727	9.0
Operating profits	248	224	10.6
Advertising	124	165	(25.0)
Division sales	**1985**	**1984**	**% chg**
Film	1,021	1,020	0.1
Recorded music	912	818	11.5
Publishing, distr.	122	116	5.2

Warner Communications turned to its best-performing segments—entertainment and communications—in 1985, selling its interest in a number of subsidiaries and buying out American Express' 50% ownership in Warner Amex Cable Communications.

In the process, the company sold some of its biggest advertising units, including Franklin Mint, bought by American Protection Industries for about $167.5 million, and MTV Networks, purchased by Viacom Inc., which had owned one-third of the cable tv network. Franklin Mint spent $29.4 million in measured spending in 1985, and MTV Network spent $5 million, according to Leading National Advertisers. These totals were not included in those of Warner Communications for this report.

Warner's divestitures had considerable say in its profitability in 1985. It reversed a 1984 net loss in profits, helped by an aftertax gain of $94 million on the sale of cable tv units MTV Networks and Showtime/The Movie Channel as well as the sale of a portion of its interest in Hasbro Inc. The divestitures reduced Warner's debt by 64% to $510 million. Other savings came from a 40% decrease in corporate overhead, to $33.5 million, and a 31% decrease in interest expenses, to $77.1 million.

Warner bought out partner American Express Co.'s 50% interest in Warner Amex Cable Communications in August, 1985, for $450 million and assumed $550 million in debt. The company recouped its costs by selling its 66.1% interest in MTV Networks and its 19% interest in Showtime/The Movie Channel to Viacom International for more than $510 million, generating a pretax gain of $187.1 million.

Warner's 1985 turnaround showed further progress in the first half of 1986 when it reported net income of $82 million, up 64% over earnings in the first half of 1985, and revenues of $1.33 billion, an increase of 29.4% over year-earlier figures.

During 1985, Warner's filmed entertainment division improved upon 1984's record performance. Operating income of $160.2 million exceeded 1984's previous high by 7%, and revenues of $1.2 billion increased 10% over the previous year. Warner's total operating income in 1985 was $286.6 million, up 12%.

Warner's share of both the U.S. box office and domestic film rentals made it the most successful motion picture company in the industry. Tv syndication revenues, foreign theatrical rentals, pay tv licensing and domestic home video sales all reached new highs in 1985.

Warner Bros. positive results in 1985 occurred within an industry that suffered declines in both revenues and attendance for the first time since 1980. Domestic box office revenues fell 7% to $3.75 billion while attendance was off 11% to 1.06 billion.

Of the 26 industry titles exceeding the $15 million mark in domestic film rentals, eight films were Warner Bros. releases.

Warner Bros.' most successful 1985 films, all achieving $20 million to $30 million in domestic film rentals, included, "The Goonies," "Police Academy 2—Their First Assignment," "National Lampoon's European Vacation," "Spies Like Us" and Clint Eastwood's "Pale Rider." Other substantial domestic earners in 1985 were "Pee Wee's Big Adventure" and "Mad Max: Beyond Thunderdome." Warner Bros. spent more than $167 million, including measured and unmeasured media, to advertise its movies in 1985, up 2% from 1984.

The biggest expenditures in measured media for new releases—and virtually all spending on movies was in network and spot tv—was $4.9 million for "The Goonies," $3.7 million for "Spies Like Us" and $3.3 million for "Ladyhawke."

Warner Bros. plans to release about 20 films in 1986, down from the 26 pictures released in 1985. This year Warner is showing strong gains with its releases. By midyear, "The Color Purple" had brought in $80 million in box office revenues; "Cobra" starring Sylvester Stallone, $50.5 million; "Police Academy 3—Breaking Training," $45 million, and "Wildcats," $22 million.

U.S. videocassette sales of $6 million or more have been earned through mid-1986 by "Best of John Belushi," "Mad Max: Beyond Thunderdome," "Gremlins," "Goonies" and "Pee Wee's Big Adventure." Revenues from foreign rentals hit an all-time high of $139.9 million in 1985. Stephen Spielberg's "Gremlins" was the top title, with foreign rentals projected to reach $40 million.

Warner's recorded music division in 1985 also produced the best results in its history, in both income and sales. Warner Records got multimillion unit sales from Madonna, Dire Straits, Prince, ZZ Top and John Fogerty. Atlantic Records strength was highlighted by the success of Phil Collins' "No Jacket Required," with worldwide sales of more than 7 million units. Motley Crue's "Theatre of Pain," with worldwide sales approaching 3 million units, paced Elektra/Asylum's performance in 1985. International earnings in the division were up 65% in 1985 because of numerous successful releases from international and local recording artists.

The division is getting good results in 1986 from Van Halen's "5150" and Prince's "Parade" released in late March.

The company's publishing division and related distribution division reported record revenues in 1985, but operating income fell 15% to $13.7 million as weak newsstand sales hurt DC Comics and Warner publisher services. During the first quarter, Warner publishing had slight gains largely because of the success of "If Tomorrow Comes" by Sidney Sheldon and "Fit for Life" by Harvey and Marilyn Diamond.

The company's cable and broadcasting division showed strong improvement in 1985. That performance continued into the first half of 1986. During that reporting period, division sales of $158.6 million produced operating income of $7.1 million, which compares to a loss of $4 million in 1985.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,807	$1,227
Newspaper	1,910	7,912
Newsp. supp.	52	0
Bus. pubs.	40	0
Network tv	22,144	31,626
Spot tv	17,795	22,169
Network radio	185	0
Spot radio	505	1,317
Outdoor	152	147
Network cable	4,537	1,069
Total measured	49,126	65,468
Unmeasured	75,039	100,000
Total	124,165	165,467

WARNER COMMUNICATIONS
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WARNER BROS.
Burbank, Cal.
Marketing Personnel
Sandy Reisenbach, president-worldwide adv & publicity
Rob Friedman, vp-worldwide publicity
Joe Hyams, vp-publicity
Mardi Marans, vp-media
Joel Wayne, vp-worldwide creative adv
Richard Del Belso, vp-mktg rsch
Rick Kallet, dir-co-op adv

WARNER BROS. DOMESTIC PAY-TV & NETWORK FEATURE FILM SALES
Burbank, Cal.
Marketing Personnel
Eric Frankel, vp-mktg

WARNER BROS. TELEVISION DISTRIBUTION
Burbank, Cal.
Marketing Personnel
Ken Fournier, vp-adv, publicity & promo
Advertising Agency
(In-house) Burbank Advertising.

WARNER BROS. TELEVISION PRODUCTION
Burbank, Cal.
Marketing Personnel
Doug Duitsman, vp-sr, adv, publicity & promo

WARNER HOME VIDEO
Burbank, Cal.
Corporate Personnel
Warren Lieberfarb, president
Edward J. Byrnes, vp, genl mgr
Marketing Personnel
Barbara O'Sullivan, vp-mktg
David Mount, vp-natl sales

LICENSING CO. OF AMERICA
New York
Corporate Personnel
Joseph P. Grant, president
Robert F. Bell, exec vp
Marketing Personnel
Leonard F. Reiter, dir-mktg

WARNER BROS. RECORDS
Burbank, Cal.
Marketing Personnel
Lou Dennis, vp-sales
Russ Thyret, sr vp-mktg
Tom Draper, vp-mktg, black music
Sophie Beauby, adv dir
Adam Somers, vp-creative services & operations
Pete Johnson, vp-creative dir adv
Howard Rosen, vp-promo
Vic Faraci, vp-mktg, country music
Jeff Ayeroff, vp-creative mktg

ATLANTIC RECORDS
New York
Corporate Personnel
David Glew, exec vp, genl mgr
Marketing Personnel
Mark Schulman, vp-adv
Sal Uterano, vp-sales
Larry Yasgar, vp, singles sales
Hank Caldwell, vp-mktg, black music
James Gallo, dir-merch

ELEKTRA/ASYLUM/NONSUCH RECORDS
New York
Marketing Personnel
Mike Bone, sr vp-mktg
Hale Milgrim, vp-creative services
David Urso, vp-pop promo
Primus Robinson, vp-special mkts
Eddie Gilreath, vp-sales
Bill Berger, vp-prod devel, intl

WEA CORP.
Burbank, Cal.
Marketing Personnel
George Rossi, exec vp-sales, promo
Russ Bach, exec vp-mktg devel
Fran Aliberte, vp-natl sales, audio
Dave Mount, vp-natl sales, Warner Home Video
Skid Weiss, natl dir-communications
Earl Sayles, dir-mktg, black music
Cory Connery, natl sales mgr-video prods
Robert Moering, natl dir-mktg services
Alan Perper, natl dir-prod mgmt
Jody Raithel, natl special projects coord
Barbara Reitman, natl adv dir
Advertising agency
(In-house) WEA Advertising—Barbara Reitman, natl adv dir.

WARNER SPECIAL PRODUCTS
Burbank, Cal.
Corporate Personnel
Michael Kapp, president
Tony Pipitone, exec vp-treasurer

WARNER BOOKS
New York
Corporate Personnel
Larry Kirshbaum, president
Nansey Nelman, vp, publisher
Jerry Butler, vp, genl mgr
Marketing Personnel
Ling Lucas, vp-mktg
Mark Greenberg, vp-adv & public relations
Marcy Goot, natl trade sales mgr
Ernie Petrillo, distributor sales mgr
Advertising Agency
(In-house) Publishers Advertising Associates—Mark Greenberg, president.

WARNER PUBLISHER SERVICES
New York
Corporate Personnel
Franklyn "Lee" Rodgers, president
Bob Matthiessen, exec vp-circulation
Charlie Raab, exec vp-book div
Marketing Personnel
Pat Flaherty, vp-mktg services
Mark Greenberg, vp-adv & public relations
Ron Sklon, vp-field operations
Chris Snook, vp-client relations, book div
George Fisher, vp-dir of sales, book div
Mariann Donato, dir-mktg, book div
Advertising Agency
(In-house) Publishers Advertising Associates—Mark Greenberg, president.

WARNER AUDIO PUBLISHING
New York
Corporate Personnel
Mitch Deutsch, president
Kevin Parker, vp, finance & operations
Marketing Personnel
Gillian Jolis, natl sales dir
Susan Barkan, dir-mktg
Karen Ames, mktg mgr
Advertising Agency
(In-house) Publishers Advertising Associates—Mark Greenberg, president.

DC COMICS
New York
Corporate Personnel
Jeanette Kahn, president-publisher
Paul Levitz, exec vp
Marketing Personnel
Bruce Bristow, mktg dir
Advertising Agency
Sanford Schwarz & Co., NY—Bernie Slotnik, adv rep.

MAD MAGAZINE
New York
Marketing Personnel
William Gaines, president

RANK 18

Warner-Lambert Co.

Morris Plains, N.J.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	3,200	3,167	1.1
Net income	(316)	224	(241.0)
U.S.	**1985**	**1984**	**% chg**
Sales	1,670	1,535	8.8
Operating profits	448	393	14.0
Advertising	469	441	6.4
Division sales	**1985**	**1984**	**% chg**
Health care	1,872	1,718	9.0
Gums & mints	626	635	(1.4)
Other products	334	338	(1.2)

Warner-Lambert Co. entered several new over-the-counter markets in 1985 with new product entries ranging from chewable calcium supplements to chewable cough squares, but the company's bottom line performance belied its stepped up product introductions and market share growth in home-diagnostics and otc products.

Last year the company introduced 13 new products, a company record, up from eight launched in 1984. The company's heavy research and development expenses of $208 million in 1985, up 7%, with 30% of that total attributed to nonprescription products, should keep the new product pipeline going at least through 1986.

But despite the aggressive new product launches, Warner-Lambert sold its hospital supply and services division, resulting in a charge of $553 million against aftertax earnings for a one-time writeoff that brought net income to a loss of $312.6 million on a 1% growth in revenues. Also included in the loss were costs related to pulling the antiarthritic drug, isoxicam, out of the international market because of its alleged side effects.

W-L also has begun to shore up its operations in 1986. Some 550 jobs have been cut through voluntary retirement programs and cost-cutting and consolidation measures in U.S. and overseas distribution and manufacturing facilities. W-L expects to save $40 million annually from these measures.

The sale of Warner-Lambert's medical divisions, announced last November, got the company out of the diagnostics and hospital supply business as trends in the healthcare industry increased demand for low-cost products and services. W-L's hospital supply divisions accounted for 12% of corporate sales, or about $330 million, but less than 1% of its operating profit last year. Results from 1984 were restated to reflect the divestitures.

General Diagnostic division, a clinical diagnostics unit, was the first division to be sold last August, to Organon division of Akzo N.V., for an undisclosed amount. In March, 1986, Becton Dickinson & Co. bought W-L's Deseret Medical division, maker of catheters, for $225 million. In April, 1986, W-L sold San Diego-based IMED Corp. to Henley Group for $163.5 million. And in May, 1986, W-L sold Reichert Scientific division, maker of microscopes and fiber optic instruments, to Cambridge Instrument Co. for an undisclosed price. Reichert had sales of about $100 million in 1985.

In further restructuring moves, W-L shifted 16 Parke-Davis division otc products, including Anusol, Tucks, Benylin and Benadryl brands, to its consumer health products group in January, 1986. The consolidation is expected to cut sales and marketing costs and enhance distribution in food and discount department stores while maintaining strong presence in Parke-Davis' traditional stronghold, drugstores.

The company revamped and diversified its media schedules last year, using outdoor advertising for the first time in two years. Network radio measured spending received the biggest increase, up 49% from 1984, while spot radio dropped 35%. W-L also increased its measured magazine spending by 25%, while newspapers declined 18%. Both network and spot tv spending declined, 4% and 3%, respectively, as the company moved heavily into cable tv advertising, up 15%.

On the agency side, megamerger fallout affected several brand assignments. In June, 1986, W-L severed its 30-year, $68 million relationship with Ted Bates Advertising/New York following that agency's acquisition in May by Saatchi & Saatchi plc, London. W-L shifted $38 million in billings for Rolaids, Efferdent, Remegel and Mediquell brands to Young & Rubicam, New York, which already handles Certs and Dentyne gum for W-L.

J. Walter Thompson USA, New York, a W-L agency since 1961, picked up $30 million worth of business when W-L assigned its largest-selling brand, Halls cough tablets, as well as Listermint, and Trident and Bubblicious gum accounts. JWT already handles such major W-L products as Listerine, e.p.t. early pregnancy tester and the Schick shaving products division.

New product introductions in 1985 included two chewable calcium supplement products, Suplical and Theracal, as well as Early Detector in-home colorectal cancer test, Remegel antacid, Sticklets gum and Benadryl allergy medication. Line extensions introduced last year were Decongestant Mediquell cough suppressant and improved e.p.t. in-home pregnancy test.

So far this year, W-L is testing LiquiSlim fiber/diet aid liquid in St. Louis and Indianapolis test markets and Liquasom liquid nighttime sleep aid in test markets in Alabama, Florida, Georgia and North Carolina.

Following FDA approval last September, W-L is one of four companies expected to introduce its own brand of diazepam, the generic version of Valium. Valium sales were $240 million last year. The generic valium market could hit $100 million in the first year, analysts predict. Hoffmann-La Rouche, marketer of Valium, says it would not seek to compete with the lower-cost, lower-price versions being readied by Mylan Pharmaceuticals, Pittsburgh; Warner-Lambert's Parke-Davis division, and Zenith Laboratories, Northvale, N.J.

The nonprescription drug category continued to boom last year, with the top 10 drug companies holding more than 50% of the $8 billion-plus market. W-L holds about 4%, tied with Schering-Plough, compared with Bristol-Myers, the leader with 9%. Abbott Laboratories is second with 8%; Johnson & Johnson and American Home Products are tied with 6% each.

W-L's healthcare division, divided between ethical and nonprescription products, had an increase of 11% worldwide in nonprescription product sales and 6.8% in ethical products.

Benadryl antihistamine is the company's most successful otc product launch, reaching No. 2 in the allergy medication category by the end of 1985. Formerly a prescription product for 40 years in the Parke-Davis division, Benadryl was introduced in capsule and elixir form last year as an otc allergy medicine, following approval in January for sale without prescription. Spending in network and spot tv and consumer print was $3.5 million.

The company also expanded its presence in the $740 million otc cough/cold market with the introduction of Benylin cough syrup in two forms—a nasal decongestant and an expectorant promoter. Benylin, with $4.8 million in measured media spending in 1985, was the fastest growing major cough syrup in the U.S., advancing to No. 4 in the market.

Mediquell, a chewable cough medicine that W-L claims lasts twice as long as regular-strength liquid cough medicines, received a hefty 28% advertising boost to $9.8 million in measured spending, its first full year of sales. A decongestant formula rolled out in 1985. The brand was moved to Y&R from Bates in June, 1986.

As the $125 million calcium-supplement market continued to grow, W-L went national last August with premium-priced, vanilla-flavored Suplical soft chewy calcium supplement squares, and followed in December with lower-priced, mint-flavored Theracal chewable calcium supplement. Measured spending for Suplical was $2.8 million, via Bates for consumer and Thomas Ferguson Associates, Parsippany, N.J., for medical.

As other players scrambled to gain share in the fledgling calcium supplement market, 60-year-old Tums antacid, from Beecham Products' Norcliff-Thayer unit, muscled in with calcium supplement claims of its own.

Rolaids antacid maintained its 32% market share with an 11% increase in measured media spending in the $400 million antacid category, in which Tums is a notch behind. Renewed activity in the category came from archrival Tums, a Beecham product, repositioned as a calcium supplement. Tums' climb of 8 percentage points was fueled by an estimated $7 million ad campaign and came at the expense of smaller brands. Rolaids supported its regular and sodium-free brands in 1985 with $11.9 million, up 11.2%. Both brands previously were handled by Bates, but moved to Y&R in June.

Rolaids struck at Tums in February, 1986, with a tv campaign claiming a survey revealed that doctors prefered the relief formula in Rolaids over Tums. Analysts say Rolaids is a few share points ahead of Tums. Maalox, from the Rorer Group, is third in the category.

Hoping to capitalize on Rolaids' continued success and its own chewable technology, the company also rolled out Remegel soft, chewable antacid in January, 1986, supported by network tv and spot radio. Bates handled the introductory wave, but the brand moved to JWT in June. Measured media spending for Remegel in test markets last year was $97,500.

Efferdent denture cleaner had $8.3 million in measured spending, up 12%, while Listerine antiseptic mouthwash posted a 13% share gain in the mouthwash category, at the expense of P&G's Scope, on the strength of plaque-reduction claims made in a $15 million ad campaign last year. Sales soared to a record $150 million last year for Listerine brand, and W-L submitted clinical evidence to the FDA and the American Dental Assn. to support the plaque reduction and gingivitis-fighting claims. Measured spending in 1985 was $16.4 million for Listerine antiseptic mouthwash and $7.5 million for Listermint.

Halls cough tablets topped its own sales record at $200 million with a 15% gain in unit sales, bringing its total U.S. market share to more than 50%. Halls, handled by JWT, received $7.8 million in measured spending, up 9.9%.

As the cost of healthcare continues to increase, consumers are turning increasingly to self-diagnostic, in-home tests rather than visiting doctors or clinics. Analysts expect the home diagnostic market to hit $1 billion in sales by 1990, compared with sales of $400 million in 1985.

W-L jumped into the home-test kit market in March, 1985, with Early Detector, a self-administered colorectal test kit that tests for blood in the stool. Early Detector got a boosted print effort in 12 newspapers last July due to publicity surrounding President Reagan's colorectal cancer surgery. Measured media spending last year was $4.1 million. Although Detecatest home kit, made by C.B. Fleet Co., was first on the market in 1984, that company says it was so discouraged by doctors and the American Cancer Society that it did not advertise last year.

The lucrative in-home pregnancy test market is booming, with analysts projecting 20% annual growth rate. Sales of in-home pregnancy tests hit $45 million last year, up 28.6%. Battle for supremacy heated up in 1985 between W-L's e.p.t. brand and Johnson & Johnson's Ortho division, including Daisy 2, Fact and Advance brands. Ortho claimed a combined 40% market share to W-L's combined 36% in March, but by June, W-L's e.p.t. had 50% market share to Ortho's Advance Pregnancy Test's 20% market share.

However, in December, W-L introduced an improved version, e.p.t. plus, with a measured $2.1 million campaign, featuring heavy prime-time and daytime tv and national consumer magazines. E.p.t. brands had 1985 measured ad spending of $3.3 million, via JWT. W-L spent $4.5 million on new e.p.t. plus campaign, with separate healthcare professional effort via Thomas Ferguson Associates.

Lifestyle condoms, one of the few products in the Parke-Davis division to receive advertising support, signed Dr. Ruth Westheimer, the media sex guru, last year. Ads, via JWT, ran only on cable tv and radio, starting in August, 1985. All networks have broadcast bans on condom commercials.

Despite a significant 50% sales increase in disposable razors, the Schick division still is battling it out with French-owned Bic Corp. for second place in the $700 million wet shave market. Schick has a 20% share in dollars, but trails the lower-priced Bic in units sold. Boston-based Gillette is the market leader in shaving with more than 50% in unit and dollar sales.

Schick spokesmen Joe Montana was replaced in April by an animated beard as Schick launched its Super 2 Plus, a double bonded razor entry with a "lubricating strip."

The $5 million advertising assault was a direct response to Gillette's Atra Plus introduction, via a $7 million campaign last year. Schick also spent $5.9 million for Schick disposables and shaving products.

Sales of gums and mints, accounting for 20% of corporate sales, were down 2% in 1985. Breath mints and the weakening of the U.S. dollar accounted for a majority of the gain.

The decline in sales of 1.4% followed 1984's 2% increase in sales over 1983, the only gain for gum and mint sales since 1981. This year's decline prompted the replacement of John Carroll as president of the American Chicle division by John Walsh. Mr. Walsh, former vp-product manager for W-L's consumer health products group, is charged with reviving profits for the division.

Sticklets rolled nationally last year, supported by $8.4 million in measured media spending in tv and radio. Tag line for the brand is "Skinny Sticklets, fat with flavor." Spending is up nearly 95% from test market spending the year before. It competes in the sugared stick gum segment, which accounts for 40% of the $3 billion worldwide chewing gum sales.

After an 18% ad spending increase in 1984 to combat Wm. Wrigley's aspartame-sweetened Extra gum, Trident sugarless gum and mints' ad spending dropped 12% to $15.5 million. Product reformulation helped Trident maintain its No. 1 position in the sugarless gum category, with $95 million in U.S. sales.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$13,585	10,148
Newspaper	1,150	1,394
Newsp. supp.	1,175	505
Bus. pubs.	3,003	15
Network tv	83,352	86,976
Spot tv	39,281	41,046
Network radio	16,268	8,143
Spot radio	992	1,340
Outdoor	9	0
Network cable	3,474	2,922
Total measured	162,290	152,489
Unmeasured	307,049	288,507
Total	469,339	440,996

WARNER-LAMBERT CO.
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Corporate Personnel

Joseph D. Williams, chmn-ceo
Melvin R. Goodes, president-coo
Robert J. Dircks, sr vp-cfo

AMERICAN CHICLE GROUP

Corporate Personnel

John Walsh, president

Marketing Personnel

Michael Soriano, dir-prod mgmt
Frederick E. Finlayson, vp-sales

CONSUMER HEALTH PRODUCTS GROUP

Corporate Personnel

Jay M. Gwynne, president

Marketing Personnel

J.W. Masse, vp-sales

Advertising Agencies

Thomas G. Ferguson Associates, Parsippany, N.J.

Sudler & Hennessey Consumer Group, New York—Benylin, Benadryl/capsules & elixir, Benadryl/cream & spray, Tucks, Caladryl, Myadec—Arthur M. Rosen, exec vp-managing dir; Lisa Blumenstein, vp-acct super; Greg Weed, sr vp-acct super.

J. Walter Thompson/USA, New York—Anusol, Chewels, Clorets, Listerine antiseptic, Listermint, e.p.t., Halls cough tablets, Sinutab, Lifestyles, Early Detector, Lubriderm, Schick shaving products, Personal Touch women's razors, Trident and Bubblicious gum—Jack Morrissey, sr vp-group acct dir; Jerry Gottlieb, sr vp-mgmt super; Dolly Bodick, Andrew Neisser, Adele Fanalli, acct supers.

Young & Rubicam, New York—Certs, Dentyne, Efferdent, Mediquell, Remegel, Rolaids—William Thompson, group dir; Arlene Bruckner, mgmt super.

PARKE-DAVIS GROUP

Corporate Personnel

James E. Wavle Jr., president

Marketing Personnel

J.T. Roberts, vp-sales
Elizabeth E. Tallet, dir-mkt operations
Harry F. Oberkfell, vp-mkt devel
Wayne L. Dickerson, group prod dir
Robert A. Anderson, group prod dir
M.A. Hoffman, group prod dir

Advertising Agencies

William Bologna International, New York—Steve Girgenti, exec vp; Frank Hughes, creative dir; Bill Butler, vp-acct super; Phyllis Kehoe, media dir; Joe Garamel, copy super; Mark McDowell, art dir.

Sudler & Hennessey (medical group), New York—Donald Masterson, exec vp-mgmt super; John Rinaldi, Joseph Laborsky, sr vps-acct supers; Wendy Mantel, Kathleen Jennings, Richard Hulbert, acct execs; Pam Goodman, assoc media dir.

RANK
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Wendy's International

Dublin, O.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	1,126	945	19.1
Net income	76	69	10.9
U.S. advertising	115	96	15.5
Division sales	**1985**	**1984**	**% chg**
Retail sales	1,032	877	17.7
Royalties	68	62	9.7
Other	26	6	333.3

Wendy's International faced several tough tasks in 1985 as it tried to duplicate the phenomenal success it enjoyed in 1984, when its name and its "Where's the beef?" advertising catch phrase were constantly in the news. The discontinuation of the use of actress Clara Peller as advertising "spokeswoman" made that more difficult, as did the increased ad spending levels by Wendy's two larger competitors, McDonald's and Burger King.

Despite increasing its own total ad spending 15.1% from 1984, Wendy's remained outspent by those competitors, especially by McDonald's Corp., which spent $550 million in the U.S. The estimated $100 million McDonald's spent on advertising and promotions just to introduce its McD.L.T. sandwich almost equaled Wendy's total ad/promotion budget for the year.

Wendy's had to battle not only its competitors but also a general sales slump that affected much of the fast food industry in 1985. Systemwide (company and franchised) sales for the Wendy's chain rose 11% to $2.69 billion in 1985, a respectable showing, but less than half the 26% sales increase registered in 1984. The number of Wendy's units operating worldwide increased 15% to 3,442 at the end of 1985.

Systemwide average per-unit sales at Wendy's, which in 1984 had jumped 13% to $861,000, slid 1.5% in 1985 to $848,000.

The end of Clara Peller's reign as Wendy's spokeswoman came in March, 1985, when she began appearing in tv commercials for Campbell Soup Co.'s Prego spaghetti sauce. In that commercial, the 4-ft., 11-in. octogenarian was shown cradling a giant jar of the sauce and repeating "I finally found it!" A voiceover added "Real beef—it's in there."

At first, Wendy's officials were philosophical, saying Ms. Peller's appearance for Prego probably would sell more Wendy's hamburgers. Then they became serious and decided not to sign the actress to a new contract. It was a bad blow for both Ms. Peller, who had earned an estimated $500,000 from her association with the chain, and Wendy's, which lost the services of an advertising phenomenon who had propelled the chain to record sales and earnings in 1984.

With Clara gone, Wendy's tried several different advertising approachs and introduced several new products in an effort to retain its high advertising-awareness levels. Sticking with director Joe Sedelmaier, who had created the "Where's the beef?" campaign, Wendy's produced new commercials—titled "Wine cellar" and "12 o'clock"—that stressed its food is freshly prepared to order.

In line with its longtime positioning as an "adult" fast food chain, Wendy's has given more attention to its salad bar menu than have other chains (Burger King discontinued advertising support for its salads; McDonald's has concentrated on packaged salads). Last summer, Wendy's salad menu was expanded to include more seasonal fruits and pasta and was backed by a six-week "Light Menu" campaign.

Hot dogs are another menu item that few fast food chains offer, but Wendy's has been trying to fill the void with expanded testing of its Great American hot dog. The hot dogs are being tested in 600 stores in several markets.

In July, Wendy's made its most significant marketing decision of the year, adding a breakfast menu throughout its system. Breakfast pioneers Hardee's and McDonald's have convinced consumers that a fast food restaurant can provide a satisfying morning meal, and breakfast now accounts for up to 20% of some chains' sales.

Wendy's decided to offer more "traditional" breakfast fare than other chains. Rather than concentrate on breakfast "sandwiches" like McDonald's Egg McMuffin, Wendy's offered more platters, such as scrambled eggs and French toast.

A major introductory ad campaign backed the breakfast launch, but the menu didn't take hold at many of its stores. Nine months after the launch, Wendy's was forced to back off from its commitment to breakfast and make the morning meal an option rather than requirement for its franchise-operated stores. Analysts ascribed the disappointing results for the breakfast rollout largely to the general sales slump that gripped the industry in 1985.

Wendy's returned in September to its strongest sales pitch—freshness of ingredients—with a major campaign themed "Choose fresh. Choose Wendy's." Exec vp marketing William Welter called the freshness approach "an equity we see ourselves owning through the '80s" and "the Achilles' heel of our competition."

Continuing to vary its creative approaches, Wendy's followed the "Choose fresh" campaign with another Sedelmaier commercial, "Fashion Show," which won awards at the 1985 Cannes festival. The spot depicts a Soviet fashion show in which the clothing being modeled remains the same and only accessories change.

A campaign planned for spring of 1986 was scrapped when independent director Mark Story, who had filmed the spots, showed rough versions of the commercials to a San Diego advertising club before they were to air. Angered with Mr. Story and agency DFS-Dorland, New York, Wendy's pulled the plug on the campaign.

In June, 1986, Wendy's launched another major new product with another twist to its advertising mix. The introduction of Crispy Chicken Nuggets was backed by a full-scale campaign (tv, print, point-of-purchase) from Lockhart & Pettus, New York, Wendy's black-consumer agency. L&P's "Celebrate" campaign, featuring pop group Kool & the Gang, was the first general market, fast food campaign to be produced in total by a minority-owned agency.

An important but often overlooked change in marketing strategy for Wendy's has been its decision to fight for a larger share of the children's market. It still does not have a large enough tv ad budget to afford network tv buys during Saturday mornings—a media daypart McDonald's has owned with its $300 million tv budget—but Wendy's is not giving up. For the past two years, the chain has attempted to increase the quality of the in-pack premium items in its children's meal boxes and consider menu items—such as hot dogs and chicken nuggets—with high appeal for children.

The push for better children's meal marketing began in 1985 with The Good Stuff gang, a series of characters created especially for the chain. Subsequently, Wendy's has joined the licensed-character bandwagon with promotions tied to Walt Disney Co.'s Gummi Bear characters and with Tonka's GoBots transformable robots.

Burger King, which many years ago gave up on trying to establish a Burger King character on Saturday mornings, began following a similar path in 1986 with a children's meal promotion tied to the "Thunder Cats" characters. But Ronald McDonald's dominance in the children's market appears likely to continue.

Wendy's continues its efforts to build a stronger international presence. In 1985 the company expanded its foreign store total to 201, compared with 177 in 1984. In July, 1986, Wendy's gave up on the competitive British market, agreeing to sell its 16-store U.K. subsidiary to British brewer Whitbread & Co. plc.

Wendy's Sisters Chicken & Biscuits subsidiary was given new advertising in 1985. Tv, radio and print ads for the 79-store chain were themed "You've never had it this good." Measured media spending for Sisters was $1 million in 1985. The company intends to open an additional 16 Sisters units by the end of 1986.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$762	$15
Bus. pubs.	0	11
Network tv	44,274	34,688
Spot tv	40,442	39,354
Spot radio	465	489
Outdoor	1,798	1,730
Network cable	408	57
Total measured	88,150	76,344
Unmeasured	26,850	23,254
Total	115,000	99,598

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Marketing Personnel

William M. Welter, exec vp-mktg
Bruce M. Ley, vp-corp mktg
Donald F. Calhoon, vp-field mktg & mktg services

Daniel Dahlen, vp-natl adv
Michael Sapienza, vp-mktg analysis, new prods
Dennis Lynch, vp-corp communications
Judy Donovan, super-natl adv
Eric Ibsen, mgr-natl adv

Advertising Agencies

Dancer Fitzgerald Sample, New York—Robert Reed, sr vp-mgmt super.

Lockhart & Pettus, New York—black consumer adv—Keith Lockhart, president; Ronn D. Harris, senior vp, dir-client services; Howard Mason, acct exec.

Mendoza, Dillon & Asociados, Newport Beach, Cal.—Hispanic consumer adv—Dick Dillon, president; Eduardo del Rivero, acct exec.

SISTERS INTERNATIONAL

Corporate Personnel

J.W. Near; president-coo

Marketing Personnel

Thomas Heskamp, mktg dir

Advertising Agency

Stockton West Burkhart, Cincinnati—Maureen Vogele, acct super.

RANK

Wm Wrigley Jr. Co. 96

Chicago

($ in millions)

Worldwide	1985	1984	% chg
Sales	620	591	5.0
Net income	43	40	9.7

U.S.	1985	1984	% chg
Sales	444	417	6.4
Operating profits	59	47	25.6
Advertising	82	70	15.7

The successful launch of Extra sugar-free gum helped Wm. Wrigley Jr. Co., Chicago, turn in record sales and maintain about 45% of U.S. chewing gum sales in 1985.

Wrigley began rolling out Extra sugar-free gum with NutraSweet brand sweetener in mid-1984 and added Extra bubble gum early last year. The company backed the introductions with about $16 million in ad spending, making Extra second only to Spearmint in Wrigley ad support.

Over-all, the company increased its total ad spending 16% to $81.5 million, up from $70.4 million in 1984. Once again, the bulk of Wrigley's ad spending went into network tv—$48 million. Spot tv had $19 million.

Network radio spending, which fell from $3 million in 1983 to less than $1 million in 1984, increased slightly to about $1.3 million. Spending in magazines, a medium used for the first time in 1984, increased slightly to $2.4 million, while cable tv received $3.6 million.

Net earnings for 1985 were up 9.7%, and worldwide sales grew by 5%, returns the company attributes primarily to fast-growing sales of Extra and selected price increases.

Extra's shining performance—within 18 months of its introduction it held about 25% of the growing sugarless gum segment—offset slight unit volume decreases for the company's traditional big three brands, Spearmint, Doublemint and Juicy Fruit.

Extra is expected to finish this year as the No. 2 brand of sugarfree chewing gum, surpassing RJR/Nabisco's Care*free to trail only American Chicle's Trident, which has an estimated 40% share of the sugarfree market. The sugarfree segment makes up about 30% of the $2.8 billion U.S. chewing gum market.

The Extra campaign, which covers both the chewing gum and bubble gum, consisted almost entirely of network and spot tv buys. Themed "Extra lasts extra long," it is handled by BBDO, Chicago, Wrigley's primary agency.

In 1985, the company spent less than $2 million on measured media through Needham Harper Worldwide, Chicago, which handles Wrigley's faltering Hubba Bubba bubble gum and brands marketed by its Amurol Products Co. division. Wrigley is trying to stimulate Hubba Bubba with a cola-flavored extension. Tests are under way in the South. A NutraSweet-enhanced sugarfree Hubba Bubba in regular and grape flavors is, also in the South.

The only brand from Amurol, which markets novelty candy items, that received significant ad support in 1985 was Big League Chew, a shredded bubble gum packaged in a pouch similar to chewing tobacco. Big League Chew was backed by $670,000 in tv support.

Despite introducing several new products to take up the slack of waning faddish products, Amurol's revenues fell below the record levels of the previous two years.

In January, Amurol introduced Poke 'M Out the Back candies, packaged so they can be popped out of their casings into the air.

Spearmint's spending zoomed from a little more than $12 million to $21.5 million in support of a new campaign, themed "Get a little lift," that was launched in midyear. That increase made Spearmint by far the most advertised Wrigley brand, supplanting Doublemint, which received $15.5 million in ad support. Spearmint holds an estimated 10% market share.

In 1984, Doublemint spending was $14.5 million compared with $12.2 million for Spearmint.

Wrigley continued its "Double your pleasure" campaign for Doublemint that was updated in 1984. Doublemint remains the world's No. 1 gum brand with an estimated 15% market share.

There were no changes in the Juicy Fruit campaign, themed "The taste that's gonna move ya," which was launched in 1983. It received about $8 million in ad support.

Big Red, a cinnamon-flavored gum, posted its fifth straight year of volume gain, making it a more promising performer than any of Wrigley's big three brands.

Spending for the Big Red campaign, themed "Long lasting breath freshness," dropped slightly from $8 million to $7.7 million, all on tv.

Freedent, whose selling point is that is doesn't stick to most dental work, was the only brand other than Extra and Doublemint advertised in magazines, presumably because its benefits require a more detailed explanation. Wrigley spent slightly more than $4 million on Freedent advertising, which is themed "The one that takes the stick out of gum."

At this year's annual meeting, shareholders approved antitakover measures that bolstered Wrigley family control in the event of a hostile buyout bid. Nearly 40% of the company's stock is owned by family members and company officers.

The move allows the company to issue new common shares to finance internal growth or acquisitions without diluting the holding of the Wrigley family.

The company also announced a three-for-one stock split and it would begin paying regular quarterly dividends of 24 cents a share on the basis of the current shares outstanding. Previously, the company paid monthly dividends of 5 cents per share.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$2,370	$1,986
Bus. pubs.	161	96
Network tv	47,914	43,715
Spot tv	19,305	14,920
Network radio	1,274	962
Spot radio	55	30
Network cable	3,628	2,884
Total measured	74,708	64,592
Unmeasured	6,828	5,904
Total	81,536	70,496

WM. WRIGLEY JR. CO.
410 N. Michigan Ave.
Chicago, Ill. 60611
(312) 644-2121

Corporate Personnel

William Wrigley, president, ceo

Marketing Personnel

Douglas S. Barrie, group vp-intl
Gary Bebee, mktg dir
Henry Berchert, vp-adv
Ronald O. Cox, group vp-mktg
R. Darrell Ewers, exec vp
A. Cipollina, vp-sales
N. Hoegh-Guldberg, mktg dir

1985 national ad spending by category

Product category	Newspaper	Magazine	Newspaper suppl.	Network tv	Spot tv	Network radio	Spot radio	Outdoor	Network cable	Category totals
Airplanes, aviation accessories & equipment	$3,273	$12,037	$101	$0	$13	$0	N/C	$59	$1	$15,484
Apparel, footwear & accessories	29,005	248,353	22,610	171,674	101,879	6,095	53,836	4,070	16,154	653,675
Automotive, accessories & equipment	655,003	548,303	10,379	837,740	914,941	32,147	148,511	44,876	37,537	3,229,434
Beer, wine & liquor	87,459	239,461	9,813	439,361	224,272	18,405	174,666	77,650	28,958	1,300,044
Building materials, equipment & fixtures	14,463	69,686	5,808	102,821	62,529	4,860	22,591	1,908	6,409	291,073
Business propositions & employment	106,482	13,255	317	9,567	1,279	113	5,217	943	562	137,733
Business & consumer services	197,756	464,166	22,485	458,125	578,529	52,440	134,950	46,198	22,971	1,977,621
Cigarets, tobacco & accessories	204,013	375,173	68,614	6,060	13,977	1,475	3,217	211,011	3,791	887,330
Computers, office equipment & stationery	115,478	247,692	4,125	252,681	25,122	14,709	41,670	2,905	8,592	712,974
Confectionery, snacks & soft drinks	33,985	52,159	4,102	460,564	397,173	41,058	42,610	9,089	32,201	1,072,941
Drugs & remedies	19,655	133,340	2,783	700,257	180,422	35,620	18,242	9,556	26,293	1,126,167
Electronic entertainment equipment	30,600	96,312	1,246	44,858	66,524	4,931	9,839	2,280	22,104	278,692
Entertainment & amusements	13,546	20,724	1,253	566,067	831,657	2,411	25,589	41,207	25,458	1,527,911
Food & food products	117,961	341,832	12,197	1,404,590	872,704	61,458	275,336	9,595	58,360	3,154,031
Freight, industrial & agricultural devel.	11,304	34,824	0	36,935	29,113	2,532	N/C	1,305	1,573	117,586
Gasoline, lubricants & fuel	18,164	25,939	578	40,854	102,192	2,288	31,412	3,760	4,927	230,113
Horticulture & farming	37,604	19,595	478	33,632	59,511	7,596	28,971	1,943	3,340	192,669
Household furnishings, appliances	101,848	186,643	11,520	265,536	212,057	15,617	19,214	5,405	12,927	830,768
Industrial materials	33,515	48,754	80	25,845	2,813	24	N/C	394	748	112,173
Insurance & real estate	149,713	90,279	11,041	137,766	97,619	12,494	42,290	27,538	7,225	575,965
Jewelry, optical goods & cameras	25,757	100,446	3,677	124,444	63,859	3,050	32,215	2,686	10,717	366,851
Mail order	55,867	321,834	127,961	38,190	132,795	18,395	N/C	3,093	38,949	737,083
Miscellaneous	486,603	151,497	1,489	15,401	4,781	283	53,347	42,257	2,014	757,671
Pets, pet foods, supplies & organizations	7,228	29,248	2,944	174,780	59,755	2,871	2,993	536	5,020	285,374
Publishing & media	237,436	178,565	20,670	19,724	108,491	6,717	33,029	36,785	6,337	647,755
Retail	N/C	119,624	16,623	287,889	979,801	49,432	37,010	42,908	14,339	1,547,626
Soaps, cleansers & polishes	8,250	46,951	2,144	386,984	171,775	8,373	2,642	127	15,471	642,716
Sporting goods, toys & games	7,645	82,546	618	172,511	223,831	22	7,901	505	11,315	506,894
Toiletries & cosmetics	30,594	383,984	17,300	993,962	287,436	29,021	27,902	1,631	42,109	1,813,939
Travel, hotels & resorts	788,780	245,134	18,187	104,662	237,184	8,953	165,021	52,547	12,325	1,632,793
Total	3,628,987	4,928,355	401,141	8,313,478	7,044,031	443,386	1,440,220	684,765	478,724	27,363,087

NOTE: Dollars in thousands. Categories vary among measuring services. Totals by media were recombined to reflect Leading National Advertisers' categories wherever possible. "Household furnishings and supplies" and "household equipment" categories are treated as one. Also, several categories labeled "miscellaneous" were combined. An N/C was used when services did not break out certain categories.

Sources: Newspaper from Media Records; magazine and newspaper supplement from LNA as reported by Publisher's Information Bureau; network tv, spot tv, network radio and network cable from LNA as reported by Broadcast Advertisers Reports; outdoor from LNA as reported by Institute of Outdoor Advertising and Outdoor Advertising Assn. of America, and spot radio from Radio Advertising Bureau. For further explanation, see *Where Ad Age got its data*, Page 16.

Leaders' spending % all advertisers by media

	100 leading national advertisers					Second 100 leading national advertisers*					All advertisers		
	Advertising expenditures		%	$ as % U.S. measured spending by all advertisers		Advertising expenditures		%	$ as % U.S. measured spending by all advertisers		U.S. measured advertising expenditures		%
Media	1985	1984	chg	1985	1984	1985	1984	chg	1985	1984	1985	1984	chg
Newspaper	$978	$981	(0.2)	27.0	29.4	$303	$220	37.5	8.3	6.6	$3,629	$3,33[illegible]	8.8
Magazine	2,379	2,235	6.4	48.3	47.9	449	427	5.2	9.1	9.1	4,928	4,669	[illegible].6
Newsp. supplements	156	146	6.8	38.9	41.1	87	47	81.4	21.7	13.5	401	356	[illegible].8
Network tv	6,336	6,505	(2.6)	76.2	76.0	896	856	4.7	10.8	10.0	8,313	8,555	[illegible])
Spot tv	3,073	2,805	9.5	43.6	44.1	950	905	5.0	13.5	14.2	7,044	6,363	[illegible]
Network radio	272	154	77.3	61.4	56.8	47	43	9.6	10.6	15.8	443	270	64[illegible]
Spot radio	564	498	13.3	39.1	37.3	198	124	59.4	13.7	9.3	1,440	1,333	8.0
Network cable	290	184	58.0	60.6	69.8	44	20	124.9	9.3	7.5	479	263	82.0
Outdoor	309	278	11.2	45.1	46.5	43	33	32.4	6.3	5.4	685	597	14.7
Farm publications	43	42	2.2	23.6	21.8	13	11	16.1	7.2	5.8	181	192	(5.9)
Total measured	14,400	13,827	4.4	52.9	53.8	3,078	2,719	13.2	11.2	10.5	27,544	25,934	6.2

* ADVERTISING AGE will publish a directory of the second 100 leading national advertisers Nov. 3, 1986.

NOTE: Dollars in millions.

Sources: Newspaper from Media Records; magazine and newspaper supplement from Leading National Advertisers as supplied by Publishers Information Bureau; network tv, spot tv, network radio and network cable from LNA as supplied by Broadcast Advertisers Reports; spot radio from Radio Advertising Bureau; outdoor from LNA as supplied by Institute of Outdoor Advertising and Outdoor Advertising Assn. of America, and farm publications from Agricultural Marketing Information Services (AGRICOM). Business publication spending—from Rome Reports—is not included in this chart because total spending for all advertisers was not available at press time. Business publication expenditures by the 100 leading national advertisers were up 36.2% to $174 million in 1985 from $127 million in 1984. Business publication spending by the second 100 leading national advertisers was $48 million in 1985 and $32 million in 1984, up 48.5%.

Susan Sherry, mktg mgr

Advertising Agencies

BBDO, Chicago—Doublemint, Spearmint, Juicy Fruit, Big Red, Freedent, Extra—Eric Harkna, president; Andrew Donchak, exec vp; Tonise Hayden, Jeanne Rhodes Jay Tolman, acct supers.

Needham Harper Worldwide, Chicago—Hubba Bubba, Amurol Products' Big League Chew—Raymond Gillette, vp-mgmt rep; Victoria Mondae, vp-mgmt rep/special projects; Bruce Delahorne, acct super; Mary Ellen Holland, acct exec.

RANK

Xerox Corp. 64

Stamford, Conn.

($ in millions)

Worldwide	1985	1984	% chg
Sales	8,955	8,646	3.6
Net income	475	291	63.2
U.S.	**1985**	**1984**	**% chg**
Sales	5.545	5,655	-1.9
Operating profits	227	190	16.8
Advertising	129	130	(0.7)
Division sales	**1985**	**1984**	**% chg**
Reprographics	6,592	6,556	0.5
Info. systems	1,959	1,718	14.0
Financial serv.	2,786	2,601	7.1
Other	181	153	18.3
Financial	299	267	12.0

The industrywide softness in the office equipment market experience by Xerox Corp. in 1985 has continued into the first half of 1986, making Xerox's purchase in 1982 of insurance subsidiary, Crum & Forster, look better each quarter.

Xerox, which got only a 0.1% increase to $6.59 billion from its reprographics segment in 1985—or 56% of total company revenues—suffered a plunge in profit from its major business lines of 28% in the second quarter this year, following a first quarter drop of 59% in the category, but could take solace from an improved performance in the company's financial services sector.

Xerox reported that for the second quarter, because of sharply higher profits in finance—led by its insurance subsidiary, Crum & Forster—income from continuing operations grew by 13%.

Financial services accounted for $62 million of the quarter's net income figure of $122 million; the $62 million, an increase of 229%.

Much of this came from higher premium costs, what a company spokesman calls "flow through" of higher prices that C&F put into effect in early 1985. "It's not unusual for a corporation that was paying $100,000 for an insurance policy last year to be paying perhaps a million now," says Julian Menear, an analyst with the Pershing division of Donaldson, Lufkin & Jenrette. He adds that financial services is "about the only strong point in the company [Xerox] right now as a whole."

Xerox, best known for copiers that command about 36% of the market over largely Japanese rivals, Canon, Sharp and Ricoh, has brought about a dramatic turnaround at Crum & Forster, a company that had losses from continuing operations just two years ago of $5 million. Income from continuing operations in 1985 was $29 million for the insurance unit and, according to spokesman Peter Hawes, $114 million through the second quarter of this year.

In the first half, 1986, Xerox had earnings from continuing operations of $237 million, down 4%, and net income of $223 million, down from $334 million a year earlier when the publishing unit sale and a tax settlement boosted results. Revenue was $4.32 billion, up 6.4%. Some analysts believe Xerox misread the market, because it increased research spending 14% and selling and administrative expenses 13% and beefed up its work force heading into the new fiscal year.

Melvin Howard, in August, 1986, was named a vice chairman of Xerox. He is considered the chief architect of the company's diversification into the financial services field and will continue to be president of Xerox Financial Services and chairman-ceo, C&F. At the same time, Paul A. Allaire was named president. He will be responsible for office equipment and computer sectors.

The name Xerox has been synonymous with copiers, but the company is involved in areas far and wide from copying and financial services. It announced recently the formation of a software systems business, ParcPlace, which includes the Smalltalk-80 system, a development in "artificial intelligence" in use since 1983 in research universities and corporations.

Xerox's Sandy Lanzarotta explains that the user friendly programs emulate the thought patterns of their human operators. "The system," he adds, "intuits how it is you're going [illegible]ut thinking of things. You can develop software programs that, in a sense, identify with the people who are working with the computer."

Xerox is also involved with a process that transfers X-rays to hard copy, and this has applications for an early prognosis of breast cancer. Its xeroradiography is also touted as providing dentists with highly detailed X-ray pictures.

To promote and sell it all, Xerox reported to the SEC it spent $176.5 million in advertising worldwide in 1985, an increase of 2.1% from the year before. Xerox says it follows the SEC definition of advertising costs, which includes spending for the in-house advertising department; developing campaigns; printing and distributing sales literature, brochures and other marketing materials.

Measured media indices for Xerox show it spent $60.3 million, about the same as in the prior year—$24.8 million of it on network tv. Leading National Advertisers' seven-media total for general promotion in 1985 is $21.6 million; for business machines, $14.7 million. Crum & Forster's ad spending totaled $614,000, with $354,000 of that going to magazine advertising for personal insurance.

Xerox surprised Madison Avenue earlier this year when it chose Lowe Marschalk for its direct marketing. Xerox had been working with agencies much larger than Lowe Marschalk in direct marketing.

And Xerox shocked the ad world with its notice in March that it was taking its $40 million in ad business from the New York office of Needham Harper Worldwide, its lead agency. Ted Bates got the account. Says Xerox's Peter Hawes, a spokesman, "The thrust of it, really, was that we were ready for a change."

Xerox also says it will make changes to cope with the intense competition of the Japanese, a domination of the personal computer field (which Xerox was falsely rumored to be getting out of this year) by IBM and Apple among others, and the shifting sands of the high-stakes insurance business.

Xerox officials also are confident it will develop better software and computer systems that will operate more and more, although never completely, like the human brain.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$17,413	$12,520
Newspaper	11,351	8,595
Bus. pubs.	5,085	3,085
Network tv	24,755	34,258
Spot tv	144	1,298
Spot radio	1,087	477
Outdoor	5	108
Network cable	507	402
Total measured	60,347	60,743
Unmeasured	68,551	69,000
Total	128,898	129,743

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Marketing Personnel

Robert Knight, group vp, systems mktg and integration
William T. Blair, sr vp-field operations
Barry Rand, vp-genl mgr, natl mktg d[illegible]bution
Ro[illegible]ythorn, vp-reprographics mktg
Michael Kirby, dir-corp adv & promo
Joseph M. Cooper, mgr-corp adv & promo
David T. Erwin, vp-mktg strategies & services, Business group, Rochester
Douglas McLaine, mgr-mktg communications, Business systems group, Rochester

Advertising Agencies

Ted Bates, New York—copiers, printers, work stations, personal computers, computer services, electronic typewriters—Gary Boyle, exec vp; Martin Grant, vp-mgmt rep; Adrian Merryman, vp-acct super, office systems; Shelley Diamond, vp-acct super, copiers; David Watson, vp-acct super, electronic typewriters.

Bernard Hodes, New York—recruitment adv; David Dwyer, sr vp, Boston; Frank Hubburd, vp, Chicago; Bruce Shilling, sr vp, Palo Alto; Marion Starr, exec vp, Los Angeles.

Lowe Marschalk, New York—direct mktg—Jim Johnson, exec vp; Madigan Pratt, vp-mgmt super; Bob Lieber, direct mktg dir, Cleveland; Diana Lynn, acct super; Cameron McNaughton, acct super; Brian Fey, acct super, Cleveland.

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